WINTRUST FINANCIAL CORP
Form 10-Q
August 11, 2008

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2008

OR

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from __________ to __________

Commission File Number 0-21923

WINTRUST FINANCIAL CORPORATION

(Exact name of registrant as specified in its charter)

Illinois	36-3873352
(State of incorporation or organization)	(I.R.S. Employer Identification No.)

727 North Bank Lane
Lake Forest, Illinois 60045
(Address of principal executive offices)
(847) 615-4096
(Registrant s telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes o No x

Indicate the number of shares outstanding of each of the issuer s classes of common stock, as of the latest practicable date.

Common Stock - no par value, 23,636,391 shares, as of August 6, 2008

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PART I
ITEM 1. FINANCIAL STATEMENTS

WINTRUST FINANCIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CONDITION

(In thousands)	**(Unaudited) June 30, 2008**	December 31, 2007	(Unaudited) June 30, 2007
Assets			
Cash and due from banks	**$ 166,857**	$ 170,190	$ 153,209
Federal funds sold and securities purchased under resale agreements	**73,311**	90,964	15,092
Interest bearing deposits with banks	**6,438**	10,410	14,308
Available-for-sale securities, at fair value	**1,590,648**	1,303,837	1,515,223
Trading account securities	**1,877**	1,571	919
Brokerage customer receivables	**19,661**	24,206	23,842
Mortgage loans held-for-sale, at fair value	**114,739**		
Mortgage loans held-for-sale, at lower of cost or market	**3,640**	109,552	135,543
Loans, net of unearned income	**7,153,603**	6,801,602	6,720,960
Less: Allowance for loan losses	**57,633**	50,389	47,392
Net loans	**7,095,970**	6,751,213	6,673,568
Premises and equipment, net	**348,881**	339,297	329,498
Accrued interest receivable and other assets	**208,574**	273,678	198,609
Goodwill	**276,311**	276,204	268,983
Other intangible assets, net	**16,170**	17,737	19,666
Total assets	**$9,923,077**	$ 9,368,859	$9,348,460
Liabilities and Shareholders Equity			
Deposits:			
Non-interest bearing	**$ 688,512**	$ 664,264	$ 655,074
Interest bearing	**7,072,855**	6,807,177	6,894,488
Total deposits	**7,761,367**	7,471,441	7,549,562
Notes payable	**41,975**	60,700	50,550
Federal Home Loan Bank advances	**438,983**	415,183	403,203
Other borrowings	**383,009**	254,434	231,783
Subordinated notes	**75,000**	75,000	75,000
Junior subordinated debentures	**249,579**	249,662	249,745
Accrued interest payable and other liabilities	**224,139**	102,884	67,989
Total liabilities	**9,174,052**	8,629,304	8,627,832

Shareholders equity:

Preferred stock			
Common stock	**26,478**	26,281	26,012
Surplus	**547,333**	539,127	528,916
Treasury Stock	**(122,258)**	(122,196)	(84,559)
Common stock warrants	**459**	459	649
Retained earnings	**325,314**	309,556	287,741
Accumulated other comprehensive loss	**(28,301)**	(13,672)	(38,131)
Total shareholders equity	**749,025**	739,555	720,628
Total liabilities and shareholders equity	**$9,923,077**	$ 9,368,859	$9,348,460

See accompanying notes to unaudited consolidated financial statements.

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WINTRUST FINANCIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

	Three Months Ended June 30,		Six Months Ended June 30,	
(In thousands, except per share data)	**2008**	2007	**2008**	2007
Interest income				
Interest and fees on loans	**$108,803**	$131,279	**$227,756**	$259,144
Interest bearing deposits with banks	**68**	223	**188**	488
Federal funds sold and securities purchased under resale agreements	**472**	435	**1,106**	3,261
Securities	**16,553**	20,434	**32,634**	41,319
Trading account securities	**15**	11	**46**	18
Brokerage customer receivables	**249**	506	**606**	965
Total interest income	**126,160**	152,888	**262,336**	305,195
Interest expense				
Interest on deposits	**53,862**	73,735	**115,292**	149,625
Interest on Federal Home Loan Bank advances	**4,557**	4,400	**9,113**	8,529
Interest on notes payable and other borrowings	**2,900**	3,562	**5,670**	5,290
Interest on subordinated notes	**843**	1,273	**1,930**	2,568
Interest on junior subordinated debentures	**4,598**	4,663	**9,189**	9,258
Total interest expense	**66,760**	87,633	**141,194**	175,270
Net interest income	**59,400**	65,255	**121,142**	129,925
Provision for credit losses	**10,301**	2,490	**18,856**	4,297
Net interest income after provision for credit losses	**49,099**	62,765	**102,286**	125,628
Non-interest income				
Wealth management	**7,771**	7,771	**15,636**	15,390
Mortgage banking	**7,536**	6,754	**13,632**	12,217
Service charges on deposit accounts	**2,565**	2,071	**4,938**	3,959
Gain on sales of premium finance receivables	**566**	175	**1,707**	444
Administrative services	**755**	1,048	**1,468**	2,061
(Losses) gains on available-for-sale securities, net	**(140)**	192	**(1,473)**	239
Other	**13,955**	2,839	**21,656**	6,273
Total non-interest income	**33,008**	20,850	**57,564**	40,583
Non-interest expense				
Salaries and employee benefits	**36,976**	35,060	**73,648**	70,977
Equipment	**4,048**	3,829	**7,974**	7,419
Occupancy, net	**5,438**	5,347	**11,305**	10,782
Data processing	**2,918**	2,578	**5,716**	5,054
Advertising and marketing	**1,368**	1,513	**2,367**	2,591

Professional fees	**2,227**	1,685	**4,295**	3,288
Amortization of other intangible assets	**779**	964	**1,567**	1,933
Other	**10,831**	9,162	**20,546**	17,838
Total non-interest expense	**64,585**	60,138	**127,418**	119,882
Income before income taxes	**17,522**	23,477	**32,432**	46,329
Income tax expense	**6,246**	8,067	**11,451**	16,238
Net income	**$ 11,276**	$ 15,410	**$ 20,981**	$ 30,091
Net income per common share Basic	**$ 0.48**	$ 0.64	**$ 0.89**	$ 1.22
Net income per common share Diluted	**$ 0.47**	$ 0.62	**$ 0.87**	$ 1.18
Cash dividends declared per common share	**$**	$	**$ 0.18**	$ 0.16
Weighted average common shares outstanding	**23,608**	24,154	**23,563**	24,589
Dilutive potential common shares	**531**	806	**555**	810
Average common shares and dilutive common shares	**24,139**	24,960	**24,118**	25,399

See accompanying notes to unaudited consolidated financial statements.

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WINTRUST FINANCIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS EQUITY (UNAUDITED)

(In thousands)	Compre- hensive Income	Common Stock	Surplus	Treasury Stock	Common Stock Warrants	Retained Earnings	Accumulated Other Compre- hensive Income (Loss)	Total Shareholders Equity
Balance at December 31, 2006		$25,802	$519,233	$ (16,343)	$ 681	$261,734	$ (17,761)	$ 773,346
Comprehensive income:								
Net income	$ 30,091					30,091		30,091
Other comprehensive income, net of tax:								
Unrealized losses on securities, net of reclassification adjustment	(22,411)						(22,411)	(22,411)
Unrealized gains on derivative instruments	2,041						2,041	2,041
Comprehensive income	$ 9,721							
Cash dividends declared on common stock						(4,084)		(4,084)
Common stock repurchases				(68,216)				(68,216)
Stock-based compensation			5,688					5,688
Common stock issued for:								
Exercise of stock options		89	2,449					2,538
Restricted stock awards		84	(84)					
Employee stock purchase plan		19	824					843

Exercise of common stock warrants		2	90		(32)			60
Director compensation plan		16	716					732
Balance at June 30, 2007		$26,012	$528,916	$ (84,559)	$ 649	$287,741	$ (38,131)	$ 720,628
Balance at December 31, 2007		**$26,281**	**$539,127**	**$(122,196)**	**$ 459**	**$309,556**	**$ (13,672)**	**$ 739,555**
Comprehensive income:								
Net income	**$ 20,981**					**20,981**		**20,981**
Other comprehensive income, net of tax:								
Unrealized losses on securities, net of reclassification adjustment	**(15,188)**						**(15,188)**	**(15,188)**
Unrealized gains on derivative instruments	**559**						**559**	**559**
Comprehensive income	**$ 6,352**							
Cash dividends declared on common stock						**(4,231)**		**(4,231)**
Common stock repurchases				**(62)**				**(62)**
Stock-based compensation			**4,942**					**4,942**
Cumulative effect of change in accounting for split-dollar life insurance						**(992)**		**(992)**
Common stock issued for:								
Exercise of stock options		**73**	**1,871**					**1,944**
		71	**(532)**					**(461)**

Restricted stock awards							
Employee stock purchase plan	**23**	**795**					**818**
Director compensation plan	**30**	**1,130**					**1,160**
Balance at June 30, 2008	**$26,478**	**$547,333**	**$(122,258)**	**$ 459**	**$325,314**	**$ (28,301)**	**$ 749,025**

	Six Months Ended June 30,	
	2008	2007
Other Comprehensive Income:		
Unrealized losses on available-for-sale securities arising during the period, net	**$ (26,451)**	$ (35,808)
Unrealized gains on derivative instruments arising during the period, net	**909**	3,298
Less: Reclassification adjustment for gains (losses) included in net income, net	**(1,473)**	239
Less: Income tax benefit	**(9,440)**	(12,379)
Other Comprehensive Income	**$ (14,629)**	$ (20,370)

See accompanying notes to unaudited consolidated financial statements.

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WINTRUST FINANCIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(In thousands)	Six Months Ended June 30, 2008	2007
Operating Activities:		
Net income	**$ 20,981**	$ 30,091
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for credit losses	**18,856**	4,297
Depreciation and amortization	**10,138**	10,000
Stock-based compensation expense	**4,942**	5,688
Tax benefit from stock-based compensation arrangements	**395**	968
Excess tax benefits from stock-based compensation arrangements	**(464)**	(721)
Net accretion of premium on securities	**(859)**	(28)
Mortgage servicing rights fair value change and amortization, net	**668**	65
Originations and purchases of mortgage loans held-for-sale	**(946,621)**	(1,073,413)
Proceeds from sales of mortgage loans held-for-sale	**945,415**	1,093,489
Bank owned life insurance income, net of claims	**(1,464)**	(1,799)
Gain on sales of premium finance receivables	**(1,707)**	(444)
(Increase) decrease in trading securities, net	**(306)**	1,405
Net decrease in brokerage customer receivables	**4,545**	198
Gain on mortgage loans sold	**(7,621)**	(7,288)
Losses (gains) on available-for-sale securities, net	**1,473**	(239)
Loss on sales of premises and equipment, net	**79**	2
(Increase) decrease in accrued interest receivable and other assets, net	**(687)**	2,872
Increase (decrease) in accrued interest payable and other liabilities, net	**24,085**	(37,019)
Net Cash Provided by Operating Activities	**71,848**	28,124
Investing Activities:		
Proceeds from maturities of available-for-sale securities	**587,493**	539,703
Proceeds from sales of available-for-sale securities	**609,498**	70,348
Purchases of available-for-sale securities	**(1,319,858)**	(321,319)
Proceeds from sales of premium finance receivables	**184,255**	
Net decrease in interest-bearing deposits with banks	**3,972**	4,951
Net increase in loans	**(561,137)**	(228,565)
Purchases of premises and equipment, net	**(18,657)**	(26,591)
Net Cash (Used for) Provided by Investing Activities	**(514,434)**	38,527
Financing Activities:		
Increase (decrease) in deposit accounts	**289,873**	(319,746)
Increase in other borrowings, net	**128,575**	69,711
(Decrease) increase in notes payable, net	**(18,725)**	37,800

Increase in Federal Home Loan Bank advances, net		**23,801**		77,698
Excess tax benefits from stock based compensation arrangements		**464**		721
Issuance of common shares resulting from exercise of stock options, employee stock purchase plan and conversion of common stock warrants		**1,905**		2,474
Common stock repurchases		**(62)**		(68,216)
Dividends paid		**(4,231)**		(4,084)
Net Cash Provided by (Used for) by Financing Activities		**421,600**		(203,642)
Net Decrease in Cash and Cash Equivalents		**(20,986)**		(136,991)
Cash and Cash Equivalents at Beginning of Period		**261,154**		305,292
Cash and Cash Equivalents at End of Period	**$**	**240,168**	$	168,301

See accompanying notes to unaudited consolidated financial statements.

WINTRUST FINANCIAL CORPORATION AND SUBSIDIARIES
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(1) Basis of Presentation

The consolidated financial statements of Wintrust Financial Corporation and Subsidiaries (Wintrust or the Company) presented herein are unaudited, but in the opinion of management reflect all necessary adjustments of a normal or recurring nature for a fair presentation of results as of the dates and for the periods covered by the consolidated financial statements.

Wintrust is a financial holding company currently engaged in the business of providing traditional community banking services to customers in the Chicago metropolitan area and southern Wisconsin. Additionally, the Company operates various non-bank subsidiaries.

As of June 30, 2008, Wintrust had 15 wholly-owned bank subsidiaries (collectively, the Banks), nine of which the Company started as *de novo* institutions, including Lake Forest Bank & Trust Company (Lake Forest Bank), Hinsdale Bank & Trust Company (Hinsdale Bank), North Shore Community Bank & Trust Company (North Shore Bank), Libertyville Bank & Trust Company (Libertyville Bank), Barrington Bank & Trust Company, N.A. (Barrington Bank), Crystal Lake Bank & Trust Company, N.A. (Crystal Lake Bank), Northbrook Bank & Trust Company (Northbrook Bank), Beverly Bank & Trust Company, N.A. (Beverly Bank) and Old Plank Trail Community Bank, N.A. (Old Plank Trail Bank). The Company acquired Advantage National Bank (Advantage Bank) in October 2003, Village Bank & Trust (Village Bank) in December 2003, Northview Bank and Trust (Northview Bank) in September 2004, Town Bank in October 2004, State Bank of The Lakes in January 2005, First Northwest Bank in March 2005 and Hinsbrook Bank and Trust (Hinsbrook Bank) in May 2006. In December 2004, Northview Bank s Wheaton branch became its main office, it was renamed Wheaton Bank & Trust (Wheaton Bank) and its two Northfield locations became branches of Northbrook Bank and its Mundelein location became a branch of Libertyville Bank. In May 2005, First Northwest Bank was merged into Village Bank. In November 2006, Hinsbrook Bank s Geneva branch was renamed St. Charles Bank & Trust (St. Charles Bank), its Willowbrook, Downers Grove and Darien locations became branches of Hinsdale Bank and its Glen Ellyn location became a branch of Wheaton Bank.

The Company provides, on a national basis, loans to businesses to finance insurance premiums on their commercial insurance policies (premium finance receivables) through First Insurance Funding Corporation (FIFC). In 2007, FIFC began to make loans to irrevocable life insurance trusts to purchase life insurance policies for high net-worth individuals. The loans are originated through independent insurance agents or financial advisors and legal counsel. The life insurance policy is the primary collateral on the loan and, in most cases, the loans are also secured by a letter of credit. FIFC is a wholly-owned subsidiary of Lake Forest Bank. FIFC was originally a subsidiary of Crabtree Capital Corporation (Crabtree), however, Crabtree has been merged into FIFC.

In November 2007, the Company acquired Broadway Premium Funding Corporation (Broadway). Broadway also provides loans to businesses to finance insurance premiums, mainly through insurance agents and brokers in the northeastern portion of the United States and California. Broadway is a wholly-owned subsidiary of FIFC.

Wintrust, through Tricom, Inc. of Milwaukee (Tricom), provides high-yielding short-term accounts receivable financing (Tricom finance receivables) and value-added out-sourced administrative services, such as data processing of payrolls, billing and cash management services, to the temporary staffing industry, with clients located throughout the United States. Tricom is a wholly-owned subsidiary of Hinsdale Bank.

The Company provides a full range of wealth management services through its trust, asset management and broker-dealer subsidiaries. Trust and investment services are provided at the Banks through the Company s wholly-owned subsidiary, Wayne Hummer Trust Company, N.A. (WHTC), a *de novo* company started in 1998. Wayne Hummer Investments, LLC (WHI) is a broker-dealer providing a full range of private client and securities brokerage services to clients located primarily in the Midwest. WHI has office locations staffed by one or more registered financial advisors in a majority of the Company s Banks. WHI also provides a full range of investment services to individuals through a network of relationships with community-based financial institutions primarily in Illinois. WHI is a wholly-owned subsidiary of North Shore Bank. Wayne Hummer Asset Management Company (WHAMC) provides money management services and advisory services to individuals, institutions and municipal and tax-exempt organizations, in addition to portfolio management and financial supervision for a wide range of pension and profit-sharing plans. WHAMC is a wholly-owned subsidiary of Wintrust. WHI and WHAMC were acquired in 2002, and along with WHTC are collectively referred to as Wealth Management . In February 2003, the Company acquired Lake Forest Capital Management (LFCM), a registered investment advisor, which was merged into WHAMC.

In May 2004, the Company acquired SGB Corporation d/b/a WestAmerica Mortgage Company (WestAmerica) and its affiliate, Guardian Real Estate Services, Inc. (Guardian). WestAmerica engages primarily in the origination and purchase of residential mortgages for sale into the secondary market, and Guardian provides document preparation and other loan closing services to WestAmerica and a network of mortgage brokers. WestAmerica maintains principal origination offices in ten states, including Illinois, and originates loans in other states through wholesale and correspondent offices. WestAmerica and Guardian are wholly-owned subsidiaries of Barrington Bank.

Wintrust Information Technology Services Company provides information technology support, item capture, imaging and statement preparation services to the Wintrust subsidiaries and is a wholly-owned subsidiary of Wintrust.

The accompanying consolidated financial statements are unaudited and do not include information or footnotes necessary for a complete presentation of financial condition, results of operations or cash flows in accordance with generally accepted accounting principles. The consolidated financial statements should be read in conjunction with the consolidated financial statements and notes included in the Company s Annual Report and Form 10-K for the year ended December 31, 2007. Operating results reported for the three-month and year-to-date periods are not necessarily indicative of the results which may be expected for the entire year. Reclassifications of certain prior period amounts have been made to conform to the current period presentation.

The preparation of the financial statements requires management to make estimates, assumptions and judgments that affect the reported amounts of assets and liabilities. Management believes that the estimates made are reasonable, however, changes in estimates may be required if economic or other conditions develop differently from management s expectations. Certain policies and accounting principles inherently have a greater reliance on the use of estimates, assumptions and judgments and as such have a greater possibility of producing results that could be materially different than originally reported. Management views critical accounting policies to be those which are highly complex or dependent on subjective or complex judgments, estimates and assumptions, and where changes in those estimates and assumptions could have a significant impact on the financial statements. Management currently views the determination of the allowance for loan losses and the allowance for losses on lending-related commitments, the valuation of the retained interest in the premium finance receivables sold, the valuations required for impairment testing of goodwill, the valuation and accounting for derivative instruments and the accounting for income taxes as the areas that are most complex and require the most subjective and complex judgments and as such could be the most subject to revision as new information becomes available.

Descriptions of our significant accounting policies are included in Note 1 (Summary of Significant Accounting Policies) of the Company s 2007 Annual Report. There have been no significant changes to these policies, except as discussed in Note 2 Recent Accounting Developments, for mortgage loans held-for-sale. Additionally, during the second quarter of 2008, the Company refined its methodology for determining certain elements of the allowance for loan losses. For additional detail of the allowance for loan losses methodology, please refer to Critical Accounting Policies in Item 2 of this report.

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(2) Recent Accounting Developments

In September 2006, the FASB ratified the Emerging Issues Task Force (EITF) consensus on EITF Issue 06-4, Accounting for Deferred Compensation and Postretirement Benefit Aspects of Endorsement Split-Dollar Life Insurance Arrangements (EITF 06-4). The EITF is limited to the recognition of a liability and related compensation costs for endorsement split-dollar insurance arrangements that provide a benefit to an employee that extends to postretirement periods. Therefore, the provisions of EITF 06-4 do not apply to a split-dollar insurance arrangement that provides a specified benefit to an employee that is limited to the employee s active service period with an employer. EITF 06-4 is effective for fiscal years beginning after December 15, 2007. The Company adopted EITF 06-4 on January 1, 2008 and established a liability for postretirement split-dollar insurance benefits by recognizing a cumulative-effect adjustment to retained earnings of $992,000.

In September 2006, the FASB issued Statement of Financial Accounting Standards No. 157, Fair Value Measurements (SFAS 157). SFAS 157 establishes a framework for measuring fair value and requires expanded disclosure about the information used to measure fair value. The statement applies whenever other statements require, or permit, assets or liabilities to be measured at fair value. The statement does not expand the use of fair value in any new circumstances and is effective January 1, 2008. The adoption of SFAS 157 did not materially impact the consolidated financial statements. See Note 11 Fair Values of Assets and Liabilities, for a further discussion of this FASB Statement and the related required disclosures.

In February 2007, the FASB issued Statement of Financial Accounting Standards No. 159, The Fair Value Option for Financial Assets and Financial Liabilities Including an Amendment of FASB Statement No. 115 (SFAS 159). SFAS 159 provides entities with an option to report selected financial assets and liabilities at fair value and is effective January 1, 2008. The Company elected to measure at fair value new mortgage loans originated by WestAmerica on or after January 1, 2008. Since SFAS 159 was elected for loans originated on or after January 1, 2008, there was no effect to the Company s financial statements at the date of adoption. The fair value of the loans is determined by reference to investor price sheets for loan products with similar characteristics. Before electing this new statement, WestAmerica accounted for loans held-for-sale at the lower of cost or market (commonly referred to as LOCOM). See Note 11 Fair Values of Assets and Liabilities, for a more detailed discussion of fair value measurements.

In November 2007, the Securities and Exchange Commission (SEC) issued Staff Accounting Bulletin No. 109 (SAB 109) Written Loan Commitments Recorded at Fair Value through Earnings. SAB 109 states that the expected cash flows related to servicing the loan should be included in the measurement of all written loan commitments that are accounted for at fair value. Prior to SAB 109, this component of value was not incorporated into the fair value of the loan commitment. SAB 109 is effective for financial statements issued for fiscal years beginning after December 15, 2007. The adoption of SAB 109 did not have a material impact to the Company s financial statements.

In December 2007, the FASB issued Statement of Financial Accounting Standards 141(R), Business Combinations (SFAS 141R). SFAS 141R requires the acquiring entity in a business combination to recognize the full fair value of the assets acquired and liabilities assumed in a transaction at the acquisition date; the immediate expense recognition of transaction costs; and accounting for restructuring plans separately from the business combination. SFAS 141R is effective for business combinations occurring after December 15, 2008. Early adoption is prohibited.

In December 2007, the FASB issued Statement of Financial Accounting Standards No. 160, Noncontrolling Interests in Consolidated Financial Statements-an amendment of ARB No. 51 (SFAS 160). SFAS 160 establishes accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. The guidance is effective for fiscal years beginning after December 15, 2008. The Company is currently evaluating the potential impact the new pronouncement will have on its financial statements.

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In March 2008, the FASB issued Statement of Financial Accounting Standards No. 161, Disclosures about Derivative Instruments and Hedging Activities an amendment of FASB Statement No. 133 (SFAS 161). Effective for fiscal years and interim periods beginning after November 15, 2008, SFAS 161 amends and expands the disclosure requirements of Statement No. 133 by requiring enhanced disclosures for how and why an entity uses derivative instruments; how derivative instruments and related hedged items are accounted for under Statement No. 133 and its related interpretations; and how derivative instruments and related items affect an entity s financial position, financial performance and cash flows. SFAS 161 only relates to disclosures and therefore will not have an impact on the Company s financial condition or results of operations.

In April 2008, the FASB voted to eliminate Qualifying Special Purpose Entities (QSPEs) from the guidance in Statement of Financial Accounting Standards No. 140, Accounting for Transfers and Servicing of Financial Assets and Extinguishment of Liabilities (SFAS 140). In connection with the proposed changes to SFAS 140, the FASB also is proposing three key changes to the consolidation model in FASB Interpretation No. 46R, Consolidation of Variable Interest Entities (FIN 46R). First, the FASB will now include former QSPEs in the scope of FIN 46R. In addition, the FASB supports amending FIN 46R to change the method of analyzing which party to a variable interest entity (VIE) should consolidate the VIE to a primarily qualitative determination of power combined with benefits and losses instead of today s risks and rewards model. Finally, the proposed amendment is expected to require all VIEs and their primary beneficiaries to be reevaluated quarterly. The previous rules required reconsideration only when specified reconsideration events occurred. The FASB also clarified that upon initial consolidation of a variable interest entity all assets and liabilities would be measured at fair value, with any difference being recorded as a cumulative-effect adjustment to retained earnings. In July 2008, the FASB decided that these changes, if finalized, would be effective no earlier than for financial statements issued for fiscal years beginning after November 15, 2009. The FASB also decided that many of the disclosures contemplated for the proposed amendments to SFAS 140 and FIN 46R will be included in a separate FASB Staff Position, which has yet to be issued. The Company is currently assessing the impact of these changes on its financial statements.

In May 2008, the FASB issued Statement of Financial Accounting Standards No. 162, The Hierarchy of Generally Accepted Accounting Principles (SFAS 162). The new standard identifies the sources of accounting principles to be used in the preparation of financial statements of nongovernmental entities that are presented in conformity with GAAP, and refers to these sources as the GAAP hierarchy. The new standard is effective 60 days following the SEC s approval of amendments to existing auditing standards by the Public Company Accounting Oversight Board. The Company currently prepares consolidated financial statements in conformity with the GAAP hierarchy as presented in the new standard, and does not expect its adoption to have a material impact on the Company s financial statements.

(3) Cash and Cash Equivalents

For purposes of the Consolidated Statements of Cash Flows, the Company considers cash and cash equivalents to include cash on hand, cash items in the process of collection, non-interest bearing amounts due from correspondent banks, federal funds sold and securities purchased under resale agreements with original maturities of three months or less.

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(4) Available-for-sale Securities

The following table is a summary of the available-for-sale securities portfolio as of the dates shown:

	June 30, 2008		December 31, 2007		June 30, 2007	
(Dollars in thousands)	**Amortized Cost**	**Fair Value**	Amortized Cost	Fair Value	Amortized Cost	Fair Value
U.S. Treasury	**$**	**$**	$ 33,161	$ 33,109	$ 33,193	$ 30,699
U.S. Government agencies	**337,983**	**337,144**	321,548	322,043	469,631	454,266
Municipal	**55,172**	**55,309**	49,376	49,127	49,659	48,678
Corporate notes and other debt	**41,718**	**38,780**	45,920	42,802	59,798	58,043
Mortgage-backed	**1,078,582**	**1,044,710**	699,166	688,846	830,882	785,147
Federal Reserve/FHLB stock and other equity securities	**115,097**	**114,705**	167,591	167,910	134,589	138,390
Total available-for-sale securities	**$ 1,628,552**	**$ 1,590,648**	$ 1,316,762	$ 1,303,837	$ 1,577,752	$ 1,515,223

The fair value of available-for-sale securities includes investments totaling approximately $129 million with unrealized losses of $7.9 million, which have been in an unrealized loss position for greater than 12 months. Available-for-sale securities are reviewed for possible other-than-temporary impairment on a quarterly basis. During this review, the Company considers the severity and duration of the unrealized losses as well as its intent and ability to hold the securities until recovery, taking into account balance sheet management strategies and its market view and outlook. The Company also assesses the nature of the unrealized losses taking into consideration market factors, such as the widening of general credit spreads, the industry in which the issuer operates and market supply and demand, as well as the creditworthiness of the issuer. As a result of other-than-temporary impairment reviews during the quarter and six months ended June 30, 2008, the Company recognized $212,000 and $2.1 million, respectively, of other-than-temporary impairment losses on certain corporate notes and other debt securities. The Company concluded that none of the other unrealized losses on the available-for-sale securities portfolio represent an other-than-temporary impairment as of June 30, 2008.

(5) Loans

The following table is a summary of the loan portfolio as of the dates shown:

(Dollars in thousands)	**June 30, 2008**	December 31, 2007	June 30, 2007
Balance:			
Commercial and commercial real estate	**$ 4,610,550**	$ 4,408,661	$ 4,186,308
Home equity	**770,748**	678,298	638,941
Residential real estate	**243,400**	226,686	222,312
Premium finance receivables	**1,145,986**	1,078,185	1,306,321
Indirect consumer loans	**221,511**	241,393	248,788
Tricom finance receivables	**22,676**	27,719	34,177
Other loans	**138,732**	140,660	84,113

Total loans, net of unearned income	**$ 7,153,603**	$ 6,801,602	$ 6,720,960
Mix:			
Commercial and commercial real estate	**65%**	65%	62%
Home equity	**11**	10	10
Residential real estate	**3**	3	3
Premium finance receivables	**16**	16	19
Indirect consumer loans	**3**	3	4
Tricom finance receivables		1	1
Other loans	**2**	2	1
Total loans, net of unearned income	**100%**	100%	100%

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Indirect consumer loans include auto, boat, snowmobile and other indirect consumer loans. Premium finance receivables are recorded net of unearned income. The unearned income portions of premium finance receivables were $22.9 million at June 30, 2008, $23.3 million at December 31, 2007 and $30.7 million at June 30, 2007. Total loans include net deferred loan fees and costs and fair value purchase accounting adjustments totaling $8.7 million at June 30, 2008, $6.6 million at December 31, 2007 and $6.5 million at June 30, 2007.

(6) Deposits

The following table is a summary of deposits as of the dates shown:

(Dollars in thousands)	**June 30, 2008**	December 31, 2007	June 30, 2007
Balance:			
Non-interest bearing deposits	**$ 688,512**	$ 664,264	$ 655,074
NOW accounts	**1,064,792**	1,014,780	964,714
Wealth management deposits	**599,451**	599,426	515,223
Money market accounts	**900,482**	701,972	704,534
Savings accounts	**326,869**	297,586	302,000
Time certificates of deposit	**4,181,261**	4,193,413	4,408,017
Total deposits	**$ 7,761,367**	$ 7,471,441	$ 7,549,562
Mix:			
Non-interest bearing deposits	**9%**	9%	9%
NOW accounts	**14**	14	13
Wealth management deposits	**8**	8	7
Money market accounts	**12**	9	9
Savings accounts	**4**	4	4
Time certificates of deposit	**53**	56	58
Total deposits	**100%**	100%	100%

Wealth management deposits represent FDIC-insured deposits (primarily money market accounts) at the Banks from customers of the Company s wealth management subsidiaries.

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(7) Notes Payable, Federal Home Loan Bank Advances, Other Borrowings and Subordinated Notes

The following table is a summary of notes payable, Federal Home Loan Bank advances, other borrowings and subordinated notes as of the dates shown:

(Dollars in thousands)	**June 30, 2008**	December 31, 2007	June 30, 2007
Notes payable	**$ 41,975**	$ 60,700	$ 50,550
Federal Home Loan Bank advances	**438,983**	415,183	403,203
Other borrowings:			
Federal funds purchased		4,223	10,085
Securities sold under repurchase agreements	**381,151**	248,334	219,814
Other	**1,858**	1,877	1,884
Total other borrowings	**383,009**	254,434	231,783
Subordinated notes	**75,000**	75,000	75,000
Total notes payable, Federal Home Loan Bank advances, other borrowings and subordinated notes	**$ 938,967**	$ 805,317	$ 760,536

Notes payable are used, as needed, to provide capital to fund continued growth at the Banks and to serve as an interim source of funds for acquisitions, common stock repurchases or other general corporate purposes. The $42.0 million balance at June 30, 2008 represents the outstanding balance on a $101.0 million loan agreement with an unaffiliated bank. The loan agreement consists of a $100.0 million revolving note, which matures on August 31, 2008 and a $1.0 million note that matures on June 1, 2015. Interest is calculated, at the Company s option, at a floating rate equal to either: (1) LIBOR plus 115 basis points or (2) the greater of the lender s prime rate or the Federal Funds Rate plus 50 basis points. The loan agreement is secured by the stock of some of the Company s bank subsidiaries.

Federal Home Loan Bank advances consist primarily of fixed rate obligations of the Banks and are collateralized by qualifying residential real estate and home equity loans and certain securities. FHLB advances are stated at par value of the debt adjusted for unamortized fair value adjustments recorded in connection with advances acquired through acquisitions.

At June 30, 2008, securities sold under repurchase agreements represent $214.7 million of customer balances in sweep accounts in connection with master repurchase agreements at the Banks and $166.4 million of short-term borrowings from brokers.

The subordinated notes represent three $25.0 million notes, issued in October 2002, April 2003 and October 2005 (funded in May 2006). The $25.0 million notes require annual principal payments of $5.0 million beginning in the sixth year, with final maturities in the tenth year. The first $5.0 million payment is due in the fourth quarter of 2008. The Company may redeem the subordinated notes at any time prior to maturity. Interest on each note is calculated at a rate equal to LIBOR plus 130 basis points.

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(8) Junior Subordinated Debentures

As of June 30, 2008, the Company owned 100% of the common securities of nine trusts, Wintrust Capital Trust III, Wintrust Statutory Trust IV, Wintrust Statutory Trust V, Wintrust Capital Trust VII, Wintrust Capital Trust VIII, Wintrust Capital Trust IX, Northview Capital Trust I, Town Bankshares Capital Trust I, and First Northwest Capital Trust I (the Trusts) set up to provide long-term financing. The Northview, Town and First Northwest capital trusts were acquired as part of the acquisitions of Northview Financial Corporation, Town Bankshares, Ltd., and First Northwest Bancorp, Inc., respectively. The Trusts were formed for purposes of issuing trust preferred securities to third-party investors and investing the proceeds from the issuance of the trust preferred securities and common securities solely in junior subordinated debentures issued by the Company (or assumed by the Company in connection with an acquisition), with the same maturities and interest rates as the trust preferred securities. The junior subordinated debentures are the sole assets of the Trusts. In each Trust, the common securities represent approximately 3% of the junior subordinated debentures and the trust preferred securities represent approximately 97% of the junior subordinated debentures.

The Trusts are reported in the Company s consolidated financial statements as unconsolidated subsidiaries. Accordingly, in the Consolidated Statements of Condition, the junior subordinated debentures issued by the Company to the Trusts are reported as liabilities and the common securities of the Trusts, all of which are owned by the Company, are included in available-for-sale securities.

The following table provides a summary of the Company s junior subordinated debentures as of June 30, 2008. The junior subordinated debentures represent the par value of the obligations owed to the Trusts and basis adjustments for unamortized fair value adjustments recognized at the respective acquisition dates for the Northview, Town and First Northwest obligations.

(Dollars in thousands)	Trust Preferred Securities	**Junior Subordinated Debentures**	Rate Structure	Rate at 6/30/08	Issue Date	Maturity Date	Earliest Redemption Date
Wintrust Capital Trust III	$ 25,000	**$ 25,774**	L+3.25	5.96%	04/2003	04/2033	04/2008
Wintrust Statutory Trust IV	20,000	**20,619**	L+2.80	5.60%	12/2003	12/2033	12/2008
Wintrust Statutory Trust V	40,000	**41,238**	L+2.60	5.40%	05/2004	05/2034	06/2009
Wintrust Capital Trust VII	50,000	**51,550**	L+1.95	4.73%	12/2004	03/2035	03/2010
Wintrust Capital Trust VIII	40,000	**41,238**	L+1.45	4.25%	08/2005	09/2035	09/2010
Wintrust Capital Trust IX	50,000	**51,547**	Fixed	6.84%	09/2006	09/2036	09/2011
Northview Capital Trust I	6,000	**6,203**	L+3.00	5.87%	08/2003	11/2033	08/2008
Town Bankshares Capital Trust I	6,000	**6,207**	L+3.00	5.87%	08/2003	11/2033	08/2008
First Northwest Capital Trust I	5,000	**5,203**	L+3.00	5.80%	05/2004	05/2034	05/2009
Total		**$ 249,579**		5.47%			

The junior subordinated debentures totaled $249.6 million at June 30, 2008, $249.7 million at December 31, 2007 and $249.7 million at June 30, 2007.

The interest rates on the variable rate junior subordinated debentures are based on the three-month LIBOR rate and reset on a quarterly basis. The interest rate on the Wintrust Capital Trust IX junior subordinated debentures changes to a variable rate equal to three-month LIBOR plus 1.63% effective September 15, 2011. At June 30, 2008, the weighted average contractual interest rate on the junior subordinated debentures was 5.47%. In August 2006, the Company

entered into $175 million of interest rate swaps to hedge the variable cash flows on certain junior subordinated debentures. The hedge-adjusted rate on the junior subordinated debentures on June 30, 2008, was 7.28%. Distributions on all issues are payable on a quarterly basis.

The Company has guaranteed the payment of distributions and payments upon liquidation or redemption of the trust preferred securities, in each case to the extent of funds held by the Trusts. The Company and the Trusts believe that, taken together, the obligations of the Company under the guarantees, the junior subordinated debentures, and other related agreements provide, in the aggregate, a full, irrevocable and unconditional guarantee, on a subordinated basis, of all of the obligations of the Trusts under the trust preferred securities. Subject to certain limitations, the Company has the right to defer the payment of interest on the junior subordinated debentures at any time, or from time to time, for a period not to exceed 20 consecutive quarters. The trust preferred securities are subject to mandatory redemption, in whole or in part, upon repayment of the junior subordinated debentures at maturity or their earlier redemption. The junior subordinated debentures are redeemable in whole or in part prior to maturity at any time after the dates shown in the table, and earlier at the discretion of the Company if certain conditions are met, and, in any event, only after the Company has obtained Federal Reserve approval, if then required under applicable guidelines or regulations.

The junior subordinated debentures, subject to certain limitations, qualify as Tier 1 capital of the Company for regulatory purposes. On February 28, 2005, the Federal Reserve issued a final rule that retains Tier 1 capital treatment for these instruments but with stricter limits. Under the new rule, which is effective on March 31, 2009, and has a transition period until then, the aggregate amount of the junior subordinated debentures and certain other capital elements is limited to 25% of Tier 1 capital elements (including junior subordinated debentures), net of goodwill less any associated deferred tax liability. The amount of junior subordinated debentures and certain other capital elements in excess of the limit could be included in Tier 2 capital, subject to restrictions. Applying the final rule at June 30, 2008, the Company would still be considered well-capitalized under regulatory capital guidelines.

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(9) Segment Information

The segment financial information provided in the following tables has been derived from the internal profitability reporting system used by management to monitor and manage the financial performance of the Company. The Company evaluates segment performance based on after-tax profit or loss and other appropriate profitability measures common to each segment. Certain indirect expenses have been allocated based on actual volume measurements and other criteria, as appropriate. Inter-segment revenue and transfers are generally accounted for at current market prices. The parent and inter-segment eliminations reflect parent company information and inter-segment eliminations. The net interest income and segment profit of the banking segment includes income and related interest costs from portfolio loans that were purchased from the premium finance segment. For purposes of internal segment profitability analysis, management reviews the results of its premium finance segment as if all loans originated and sold to the banking segment were retained within that segment s operations, thereby causing inter-segment eliminations. Similarly, for purposes of analyzing the contribution from the wealth management segment, management allocates the net interest income earned by the banking segment on deposit balances of customers of the wealth management segment to the wealth management segment. (See Wealth management deposits discussion in Deposits section of this report for more information on these deposits.) The following table presents a summary of certain operating information for each reportable segment for the three months ended for the period shown:

	Three Months Ended			
	June 30,		$ Change in	% Change in
(Dollars in thousands)	**2008**	2007	Contribution	Contribution
Net interest income:				
Banking	$ **57,964**	$ 65,003	$ (7,039)	(11)%
Premium finance	**16,273**	14,478	1,795	12
Tricom	**863**	959	(96)	(10)
Wealth management	**4,484**	3,261	1,223	38
Parent and inter-segment eliminations	**(20,184)**	(18,446)	(1,738)	(9)
Total net interest income	$ **59,400**	$ 65,255	$ (5,855)	(9)%
Non-interest income:				
Banking	$ **23,853**	$ 11,393	$ 12,460	N/M%
Premium finance	**566**	175	391	N/M
Tricom	**755**	1,048	(293)	(28)
Wealth management	**10,077**	9,729	348	4
Parent and inter-segment eliminations	**(2,243)**	(1,495)	(748)	(50)
Total non-interest income	$ **33,008**	$ 20,850	$ 12,158	58%
Segment profit (loss):				
Banking	$ **14,948**	$ 18,202	$ (3,254)	(18)%
Premium finance	**7,883**	3,958	3,925	99
Tricom	**206**	353	(147)	(42)
Wealth management	**2,876**	1,818	1,058	58
Parent and inter-segment eliminations	**(14,637)**	(8,921)	(5,716)	(64)

Total segment profit	**$ 11,276**	$ 15,410	$ (4,134)	(27)%
Segment assets:				
Banking	**$ 9,791,254**	$ 9,153,583	$ 637,671	7%
Premium finance	**1,202,152**	1,344,899	(142,747)	(11)
Tricom	**37,344**	45,836	(8,492)	(19)
Wealth management	**57,881**	58,923	(1,042)	(2)
Parent and inter-segment eliminations	**(1,165,554)**	(1,254,781)	89,227	7
Total segment assets	**$ 9,923,077**	$ 9,348,460	$ 574,617	6%

N/M = Not Meaningful

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	Six Months Ended			
	June 30,		$ Change in	% Change in
(Dollars in thousands)	**2008**	2008	Contribution	Contribution
Net interest income:				
Banking	**$ 118,648**	$ 128,592	$ (9,944)	(8)%
Premium finance	**32,960**	29,394	3,566	12
Tricom	**1,719**	1,912	(193)	(10)
Wealth management	**9,290**	6,259	3,031	48
Parent and inter-segment eliminations	**(41,475)**	(36,232)	(5,243)	(14)
Total net interest income	**$ 121,142**	$ 129,925	$ (8,783)	(7)%
Non-interest income:				
Banking	**$ 41,117**	$ 21,455	$ 19,662	92%
Premium finance	**1,707**	444	1,263	N/M
Tricom	**1,469**	2,061	(592)	(29)
Wealth management	**19,762**	19,148	614	3
Parent and inter-segment eliminations	**(6,491)**	(2,525)	(3,966)	N/M
Total non-interest income	**$ 57,564**	$ 40,583	$ 16,981	42%
Segment profit (loss):				
Banking	**$ 29,505**	$ 34,500	$ (4,995)	(14)%
Premium finance	**16,273**	11,374	4,899	43
Tricom	**348**	660	(312)	(47)
Wealth management	**5,645**	3,360	2,285	68
Parent and inter-segment eliminations	**(30,790)**	(19,803)	(10,987)	(55)
Total segment profit	**$ 20,981**	$ 30,091	$ (9,110)	(30)%

N/M = Not Meaningful

(10) Derivative Financial Instruments

Management uses derivative financial instruments to protect against the risk of interest rate movements on the value of certain assets and liabilities and on future cash flows. The instruments that have been used by the Company include interest rate swaps and interest rate caps with indices that relate to the pricing of specific liabilities and covered call options that relate to specific investment securities. In addition, interest rate lock commitments provided to customers for the origination of mortgage loans that will be sold into the secondary market as well as forward agreements the Company enters into to sell such loans to protect itself against adverse changes in interest rates are deemed to be derivative instruments.

Derivative instruments have inherent risks, primarily market risk and credit risk. Market risk is associated with changes in interest rates and credit risk relates to the risk that the counterparty will fail to perform according to the terms of the agreement. The amounts potentially subject to market and credit risks are the streams of interest payments under the contracts and the market value of the derivative instrument which is determined based on the interaction of the notional amount of the contract with the underlying, and not the notional principal amounts used to express the volume of the transactions. Management monitors the market risk and credit risk associated with derivative financial

instruments as part of its overall Asset/Liability management process.

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In accordance with SFAS 133, the Company recognizes all derivative financial instruments in the consolidated financial statements at fair value regardless of the purpose or intent for holding the instrument. Derivative financial instruments are included in other assets or other liabilities, as appropriate, on the Consolidated Statements of Condition. Changes in the fair value of derivative financial instruments are either recognized periodically in income or in shareholders equity as a component of other comprehensive income depending on whether the derivative financial instrument qualifies for hedge accounting, and if so, whether it qualifies as a fair value hedge or cash flow hedge. Generally, changes in fair values of derivatives accounted for as fair value hedges are recorded in income in the same period and in the same income statement line as changes in the fair values of the hedged items that relate to the hedged risk(s). Changes in fair values of derivative financial instruments accounted for as cash flow hedges, to the extent they are effective hedges, are recorded as a component of other comprehensive income, net of deferred taxes. Changes in fair values of derivative financial instruments not qualifying as hedges pursuant to SFAS 133 are reported in non-interest income. Derivative contracts are valued by a third party and are periodically validated by comparison with valuations provided by the respective counterparties.

Interest Rate Swaps

The tables below identify the Company s interest rate swaps at June 30, 2008 and December 31, 2007, which were entered into in August 2006 to hedge certain LIBOR-based liabilities and designated as cash flow hedges pursuant to SFAS 133 (*dollars in thousands*):

			June 30, 2008		
Maturity Date	**Notional Amount**	**Fair Value Gain (Loss)**	**Receive Rate (LIBOR)**	**Pay Rate (Fixed)**	**Type of Hedging Relationship**
Pay Fixed, Receive Variable:					
September 2011	**$ 20,000**	**$ (842)**	**2.80%**	**5.25%**	**Cash Flow**
September 2011	**40,000**	**(1,680)**	**2.80%**	**5.25%**	**Cash Flow**
October 2011	**25,000**	**(1,061)**	**2.71%**	**5.26%**	**Cash Flow**
September 2013	**50,000**	**(2,543)**	**2.78%**	**5.30%**	**Cash Flow**
September 2013	**40,000**	**(2,032)**	**2.80%**	**5.30%**	**Cash Flow**
Total	**$ 175,000**	**$ (8,158)**			

			December 31, 2007		
Maturity Date	Notional Amount	Fair Value Gain (Loss)	Receive Rate (LIBOR)	Pay Rate (Fixed)	Type of Hedging Relationship
Pay Fixed, Receive Variable:					
September 2011	$ 20,000	$ (922)	4.83%	5.25%	Cash Flow
September 2011	40,000	(1,847)	4.83%	5.25%	Cash Flow
October 2011	25,000	(1,165)	5.24%	5.26%	Cash Flow
September 2013	50,000	(2,852)	4.99%	5.30%	Cash Flow
September 2013	40,000	(2,281)	4.83%	5.30%	Cash Flow

Total	$ 175,000	$ (9,067)

The fair values reflect unrealized losses of $8.2 million at June 30, 2008 and $9.1 million at December 31, 2007 which were recorded as other liabilities. The change in fair values in the six months ended June 30, 2008, net of tax, is separately disclosed in the statement of changes in shareholders equity as a component of comprehensive income. These swaps are designated as cash flow hedges in accordance with SFAS 133. The Company uses the hypothetical derivative method to assess and measure effectiveness. No ineffectiveness was recorded on these swaps in the quarter ended June 30, 2008.

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The Company s banking subsidiaries offer certain derivative products directly to qualified commercial borrowers. The Company economically hedges customer derivative transactions by entering into offsetting derivatives executed with third parties. Derivative transactions executed as part of this program are not designated in SFAS 133 hedge relationships and are, therefore, marked-to-market through earnings each period. In most cases the derivatives have mirror-image terms, which results in the positions changes in fair value offsetting completely through earnings each period. However, to the extent that the derivatives are not a mirror-image, changes in fair value will not completely offset, resulting in some earnings impact each period. At June 30, 2008, the aggregate notional value of interest rate swaps with various commercial borrowers totaled approximately $56.9 million and the aggregate notional value of mirror-image interest rate swaps with third parties also totaled $56.9 million. These interest rate swaps mature between August 2010 and May 2016. These swaps were reported in the Company s balance sheet by a derivative asset of $1.7 million and a derivative liability of $1.6 million. At December 31, 2007, the aggregate notional value of interest rate swaps with various commercial borrowers totaled approximately $32.6 million and the aggregate notional value of the mirror-image interest rate swaps with third parties also totaled $32.6 million. At December 31, 2007, these swaps were reported in the Company s balance sheet by a derivative asset of $1.7 million and a derivative liability of $1.6 million. Interest rate swaps executed as part of this program are not reflected in the preceding tables.

Mortgage Banking Derivatives

The Company s mortgage banking derivatives have not been designated in SFAS 133 hedge relationships. These derivatives include commitments to fund certain mortgage loans (interest rate locks) to be sold into the secondary market and forward commitments for the future delivery of residential mortgage loans. It is the Company s practice to enter into forward commitments for the future delivery of residential mortgage loans when interest rate lock commitments are entered into in order to economically hedge the effect of changes in interest rates on its commitments to fund the loans as well as on its portfolio of mortgage loans held-for-sale. At June 30, 2008, the Company had approximately $122.7 million of interest rate lock commitments and $237.9 million of forward commitments for the future delivery of residential mortgage loans. The estimated fair values of these mortgage banking derivatives are reflected by a derivative asset of $769,000 and a derivative liability of $306,000. The fair values were estimated based on changes in mortgage rates from the dates of the commitments. Changes in the fair value of these mortgage banking derivatives are included in mortgage banking revenue.

Other Derivatives

Periodically, the Company will sell options to a bank or dealer for the right to purchase certain securities held within the Banks investment portfolios (covered call options). These option transactions are designed primarily to increase the total return associated with the investment securities portfolio. These options do not qualify as hedges pursuant to SFAS 133, and, accordingly, changes in fair value of these contracts are recognized as other non-interest income. The Company recognized premium income from these call option transactions of $12.1 million and $443,000 in the second quarters of 2008 and 2007, respectively. There were no covered call options outstanding as of June 30, 2008, December 31, 2007 or June 30, 2007.

(11) Fair Values of Assets and Liabilities

Effective January 1, 2008, upon adoption of SFAS 157, the Company began to group financial assets and financial liabilities measured at fair value in three levels, based on the markets in which the assets and liabilities are traded and the observability of the assumptions used to determine fair value. These levels are:

Level 1 unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 significant unobservable inputs that reflect the Company s own assumptions that market participants would use in pricing the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

A financial instrument s categorization within the above valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The Company s assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the assets or liabilities.

Following is a description of the valuation methodologies used for the Company s assets and liabilities measured at fair value on a recurring basis.

Available-for-sale and Trading account securities - Fair values for available-for-sale and trading account securities are based on quoted market prices when available or through the use of alternative approaches, such as matrix or model pricing or indicators from market makers.

Mortgage loans held-for-sale Mortgage loans originated by WestAmerica on or after January 1, 2008 are carried at fair value. The fair value of mortgage loans held-for-sale is determined by reference to investor price sheets for loan products with similar characteristics.

Mortgage servicing rights Fair value for mortgage servicing rights is determined utilizing a third party valuation model which stratifies the servicing rights into pools based on product type and interest rate. The fair value of each servicing rights pool is calculated based on the present value of estimated future cash flows using a discount rate commensurate with the risk associated with that pool, given current market conditions. Estimates of fair value include assumptions about prepayment speeds, interest rates and other factors which are subject to change over time.

Derivative instruments The Company s derivative instruments include interest rate swaps, commitments to fund mortgages for sale into the secondary market (interest rate locks) and forward commitments to end investors for the sale of mortgage loans. Interest rate swaps are valued by a third party, using models that primarily use market observable inputs, such as yield curves, and are validated by comparison with valuations provided by the respective counterparties. The fair value for mortgage derivatives is based on changes in mortgage rates from the date of the commitments.

Retained interests from the sale of premium finance receivables The fair value of retained interests, which include servicing rights and interest only strips, from the sale of premium finance receivables are based on certain observable inputs such as interest rates and credits spreads, as well as unobservable inputs such as prepayments, late payments and estimated net charge-offs.

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The following table presents the balances of assets and liabilities measured at fair value on a recurring basis.

	June 30, 2008			
(Dollars in thousands)	**Total**	**Level 1**	**Level 2**	**Level 3**
Available-for-sale securities [1]	**$ 1,512,537**	**$**	**$ 1,363,349**	**$ 149,188**
Trading account securities	**1,877**	**80**	**1,797**	
Mortgage loans held-for-sale	**114,739**		**114,739**	
Mortgage servicing rights	**4,896**			**4,896**
Derivative assets	**2,437**		**2,437**	
Retained interests from the sale of premium finance receivables	**5,264**			**5,264**
Total	**$ 1,641,750**	**$ 80**	**$ 1,482,322**	**$ 159,348**
Derivative liabilities	**$ 10,103**	**$**	**$ 10,103**	**$**

(1) Excludes Federal Reserve and FHLB stock and the common securities issued by trusts formed by the Company in conjunction with Trust Preferred Securities offerings.

The aggregate remaining contractual principal balance outstanding as of June 30, 2008 for mortgage loans held-for-sale measured at fair value under SFAS 159 was $112.6 million while the aggregate fair value of mortgage loans held-for-sale was $114.7 million as shown in the above table. There were no nonaccrual loans or loans past due greater than 90 days and still accruing in the mortgage loans held-for-sale portfolio measured at fair value as of June 30, 2008.

The changes in Level 3 assets and liabilities measured at fair value on a recurring basis during the three and six months ended June 30, 2008 are summarized as follows:

(Dollars in thousands)	Available-for-sale securities	Mortgage servicing rights	Retained Interests
Balance at March 31, 2008	$ 195,349	$ 4,371	$ 5,703
Total net gains (losses) included in:			
Net income [1]		525	1,898
Other comprehensive income			
Purchases, issuances and settlements, net	107,307		(2,337)
Net transfers into/(out) of Level 3	(153,468)		

Balance at June 30, 2008	**$ 149,188**	**$ 4,896**	**$ 5,264**
Balance at January 1, 2008	$ 95,514	$ 4,730	$ 4,480
Total net gains included in:			
Net income [(1)]		166	4,853
Other comprehensive income			
Purchases, issuances and settlements, net	210,714		(4,069)
Net transfers into/(out) of Level 3	(157,040)		
Balance at June 30, 2008	**$ 149,188**	**$ 4,896**	**$ 5,264**

(1) *Changes in the balance of mortgage servicing rights are recorded as a component of mortgage banking revenue in non-interest income while gains for retained interests are recorded as a component of gain on sales of premium finance receivables in non-interest income.*

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Also, the Company may be required, from time to time, to measure certain other financial assets at fair value on a nonrecurring basis in accordance with GAAP. These adjustments to fair value usually result from application of lower of cost or market accounting or impairment charges of individual assets. For assets measured at fair value on a nonrecurring basis in the second quarter that were still held in the balance sheet at the end of the period, the following table provides the carrying value of the related individual assets or portfolios at June 30, 2008.

	June 30, 2008				Six Months Ended June 30, 2008
(Dollars in thousands)	Total	Level 1	Level 2	Level 3	Fair Value Losses Recognized
Mortgage loans held-for-sale	$ 155	$	$	$ 155	$ 508
Impaired loans	37,064			37,064	5,128
Total	$ 37,219	$	$	$ 37,219	$ 5,636

The following methods were used to measure the financial assets in the above table at fair value on a nonrecurring basis.

Mortgage loans held-for-sale Certain mortgage loans held-for sale are carried at the lower of cost or market applied on an aggregate basis by loan type. Fair value is based on either quoted prices for the same or similar loans or values obtained from third parties. Charges related to adjustments to record the loans at fair value are recognized in mortgage banking revenue.

Impaired loans - A loan is considered to be impaired when, based on current information and events, it is probable that the Company will be unable to collect all amounts due pursuant to the contractual terms of the loan agreement. Impairment is measured by estimating the fair value of the loan based on the present value of expected cash flows, the market price of the loan, or the fair value of the underlying collateral. As stated in SFAS 157, impaired loans are considered a fair value measurement where an allowance is established based on the fair value of collateral. Appraised values are generally used on real estate collateral-dependant impaired loans.

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(12) Goodwill and Other Intangible Assets

A summary of the Company s goodwill assets by business segment is presented in the following table:

(Dollars in thousands)	January 1, 2008	Goodwill Acquired	Impairment Losses	**June 30, 2008**
Banking	$ 245,696	$ 190	$	**$ 245,886**
Premium finance	7,221	(83)		**7,138**
Tricom	8,958			**8,958**
Wealth management	14,329			**14,329**
Total	$ 276,204	$ 107	$	**$ 276,311**

The increase in the Banking segment s goodwill in the first six months of 2008 relates to additional contingent consideration earned by former owners of Guardian as a result of attaining certain performance measures. Wintrust could pay additional consideration pursuant to the WestAmerica and Guardian transaction through June 2009. Any payments would be reflected in the Banking segment s goodwill.

The decrease in goodwill in the Premium finance segment in the first six months of 2008 relates to adjustments of prior estimates of fair values associated with the November 2007 acquisition of Broadway.

A summary of finite-lived intangible assets as of June 30, 2008, December 31, 2007 and June 30, 2007 and the expected amortization as of June 30, 2008 is as follows (in thousands):

	June 30, 2008	December 31, 2007	June 30, 2007
Wealth management segment:			
Customer list intangibles			
Gross carrying amount	**$ 3,252**	3,252	3,252
Accumulated amortization	**(2,942)**	(2,800)	(2,634)
Net carrying amount	**310**	452	618
Banking segment:			
Core deposit intangibles			
Gross carrying amount	**27,918**	27,918	27,918
Accumulated amortization	**(12,058)**	(10,633)	(8,870)
Net carrying amount	**15,860**	17,285	19,048
Total other intangible assets, net	**$ 16,170**	17,737	19,666

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Estimated amortization	
Actual in 6 months ended June 30, 2008	**$ 1,567**
Estimated remaining in 2008	**1,562**
Estimated 2009	**2,717**

Estimated	2010	**2,381**
Estimated	2011	**2,253**
Estimated	2012	**2,251**

The customer list intangibles recognized in connection with the acquisitions of LFCM in 2003 and WHAMC in 2002 are being amortized over seven-year periods on an accelerated basis. The core deposit intangibles recognized in connection with the Company s seven bank acquisitions since 2003 are being amortized over ten-year periods on an accelerated basis. Amortization expense associated with finite-lived intangibles totaled approximately $1.6 million and $1.9 million for the six months ended June 30, 2008 and 2007, respectively.

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(13) Stock-Based Compensation Plans

The 2007 Stock Incentive Plan (the 2007 Plan), which was approved by the Company s shareholders in January 2007, permits the grant of incentive stock options, nonqualified stock options, rights and restricted stock, as well as the conversion of outstanding options of acquired companies to Wintrust options. The 2007 Plan provides for the issuance of up to 500,000 shares of common stock. All grants made in 2007 and 2008 were made pursuant to the 2007 Plan. As of June 30, 2008, 166,767 shares were available for future grant. The 2007 Plan replaced the Wintrust Financial Corporation 1997 Stock Incentive Plan (the 1997 Plan) which had substantially similar terms. The 2007 Plan and the 1997 Plan are collectively referred to as the Plans. The Plans cover substantially all employees of Wintrust.

The Company typically awards stock-based compensation in the form of stock options and restricted share awards. Stock options typically provide the holder the option to purchase shares of Wintrust s common stock at the fair market value of the stock on the date the options are granted. Options generally vest ratably over a five-year period and expire at such time as the Compensation Committee determines at the time of grant. The 2007 Plan provides for a maximum term of seven years from the date of grant while the 1997 Plan provided for a maximum term of ten years. Restricted shares entitle the holders to receive, at no cost, shares of the Company s common stock. Restricted shares generally vest over periods of one to five years from the date of grant. Holders of the restricted shares are not entitled to vote or receive cash dividends (or cash payments equal to the cash dividends) on the underlying common shares until the awards are vested. Except in limited circumstances, these awards are canceled upon termination of employment without any payment of consideration by the Company.

Compensation cost charged to income for stock options was $1.3 million and $1.2 million in the second quarters of 2008 and 2007, respectively, and $2.4 million and $2.7 million for the year-to-date periods of 2008 and 2007, respectively. Compensation cost charged to income for restricted shares was $1.2 million in the second quarter of 2008 and $1.5 million in the second quarter of 2007, and $2.5 million and $3.0 million for the year-to-date periods of 2008 and 2007, respectively.

Stock based compensation is recognized based upon the number of awards that are ultimately expected to vest. As a result, recognized compensation expense for stock options and restricted share awards was reduced for estimated forfeitures prior to vesting. Forfeitures rates are estimated for each type of award based on historical forfeiture experience. Estimated forfeitures will be reassessed in subsequent periods and may change based on new facts and circumstances.

Stock-based compensation cost is measured as the fair value of an award on the date of grant and is recognized on a straight-line basis over the vesting period. The fair value of restricted shares is determined based on the average of the high and low trading prices on the grant date. The Company estimates the fair value of stock options at the date of grant using a Black-Scholes option-pricing model that utilizes the assumptions outlined in the following table. Option-pricing models require the input of highly subjective assumptions and are sensitive to changes in the option s expected life and the price volatility of the underlying stock, which can materially affect the fair value estimate. Expected life is based on historical exercise and termination behavior as well as the term of the option, and expected stock price volatility is based on historical volatility of the Company s common stock, which correlates with the expected term of the options. The risk-free interest rate is based on comparable U.S. Treasury rates. Management reviews and adjusts the assumptions used to calculate the fair value of an option on a periodic basis to better reflect expected trends.

	For the Six Months Ended	
	June 30, 2008	June 30, 2007
Expected dividend yield	**1.1%**	0.7%
Expected volatility	**32.4%**	25.5%
Risk-free rate	**3.3%**	5.0%
Expected option life (in years)	**6.7**	6.9

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A summary of stock option activity under the Plans for the six months ended June 30, 2008 and June 30, 2007 is presented below:

Stock Options	Common Shares	Weighted Average Strike Price	Remaining Contractual Term [(1)]	Intrinsic Value [(2)] ($000)
Outstanding at January 1, 2008	2,505,181	$ 34.76		
Granted	57,450	31.83		
Exercised	(73,408)	14.81		
Forfeited or canceled	(16,100)	47.29		
Outstanding at June 30, 2008	2,473,123	$ 35.19	4.9	$ 7,062
Exercisable at June 30, 2008	1,835,402	$ 30.97	4.3	$ 7,062
Outstanding at January 1, 2007	2,786,064	$ 33.02		
Granted	28,000	45.20		
Exercised	(89,896)	17.47		
Forfeited or canceled	(12,845)	40.72		
Outstanding at June 30, 2007	2,711,323	$ 33.62	5.4	$ 37,299
Exercisable at June 30, 2007	1,879,627	$ 26.18	4.4	$ 36,765

(1) Represents the weighted average contractual life remaining in years.

(2) Aggregate intrinsic value represents the total pre-tax intrinsic value (i.e., the difference between the Company s average of the high and low stock price on

the last trading day of the quarter and the option exercise price, multiplied by the number of shares) that would have been received by the option holders if they had exercised their options on the last day of the quarter. This amount will change based on the fair market value of the Company s stock.

The weighted average grant date fair value per share of options granted during the six months ended June 30, 2008 and 2007 was $10.98 and $16.28, respectively. The aggregate intrinsic value of options exercised during the six months ended June 30, 2008 and 2007, was $1.4 million and $2.5 million, respectively.

A summary of restricted share award activity under the Plans for the six months ended June 30, 2008 and June 30, 2007, is presented below:

	Six Months Ended June 30, 2008			Six Months Ended June 30, 2007		
Restricted Shares	**Common Shares**		**Weighted Average Grant-Date Fair Value**	Common Shares		Weighted Average Grant-Date Fair Value
Outstanding at January 1	**308,627**	**$**	**48.16**	335,904	$	51.78
Granted	**50,120**		**30.58**	36,018		45.35
Vested (shares issued)	**(70,357)**		**49.94**	(85,058)		52.33
Forfeited	**(3,955)**		**38.58**	(5,263)		47.81
Outstanding at June 30	**284,435**	**$**	**44.66**	281,601	$	50.86

As of June 30, 2008, there was $15.5 million of total unrecognized compensation cost related to non-vested share based arrangements under the Plans. That cost is expected to be recognized over a weighted average period of approximately two years.

The Company issues new shares to satisfy option exercises and vesting of restricted shares.

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(14) Earnings Per Share

The following table shows the computation of basic and diluted EPS for the periods indicated:

(In thousands, except per share data)		For the Three Months Ended June 30, 2008	2007	For the Six Months Ended June 30, 2008	2007
Net income	**(A)**	**$ 11,276**	$ 15,410	**$ 20,981**	$ 30,091
Average common shares outstanding	**(B)**	**23,608**	24,154	**23,563**	24,589
Effect of dilutive potential common shares		**531**	806	**555**	810
Weighted average common shares and effect of dilutive potential common shares	**(C)**	**24,139**	24,960	**24,118**	25,399
Net income per common share:					
Basic	**(A/B)**	**$ 0.48**	$ 0.64	**$ 0.89**	$ 1.22
Diluted	**(A/C)**	**$ 0.47**	$ 0.62	**$ 0.87**	$ 1.18

The dilutive common shares outstanding result from stock options, restricted stock unit awards, stock warrants, and shares to be issued under the Employee Stock Purchase Plan and the Directors Deferred Fee and Stock Plan, all being treated as if they had been either exercised or issued, computed by application of the treasury stock method.

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ITEM 2
MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of financial condition as of June 30, 2008, compared with December 31, 2007, and June 30, 2007, and the results of operations for the six month periods ended June 30, 2008 and 2007 should be read in conjunction with the Company s unaudited consolidated financial statements and notes contained in this report. This discussion contains forward-looking statements that involve risks and uncertainties and, as such, future results could differ significantly from management s current expectations. See the last section of this discussion for further information on forward-looking statements.

Overview and Strategy

Wintrust is a financial holding company providing traditional community banking services as well as a full array of wealth management services to customers in the Chicago metropolitan area and southern Wisconsin. Additionally, the Company operates other financing businesses on a national basis through several non-bank subsidiaries.

Community Banking

As of June 30, 2008, the Company s community banking franchise consisted of 15 community banks (the Banks) with 79 locations. The Company developed its banking franchise through the *de novo* organization of nine banks (55 locations) and the purchase of seven banks, one of which was merged into another of our banks, with 24 locations. Wintrust s first bank was organized in December 1991, as a highly personal service-oriented community bank. Each of the banks organized or acquired since then share that same commitment to community banking. The historical financial performance of the Company has been affected by costs associated with growing market share in deposits and loans, establishing and acquiring banks, opening new branch facilities and building an experienced management team. The Company s financial performance generally reflects the improved profitability of its banking subsidiaries as they mature, offset by the costs of establishing and acquiring banks and opening new branch facilities. From the Company s experience, it generally takes 13 to 24 months for new banks to achieve operational profitability depending on the number and timing of branch facilities added.

The following table presents the Banks in chronological order based on the date in which they joined Wintrust. Each of the Banks has established additional full-service banking facilities subsequent to their initial openings.

	De novo / Acquired	Date
Lake Forest Bank	*De novo*	December, 1991
Hinsdale Bank	*De novo*	October, 1993
North Shore Bank	*De novo*	September, 1994
Libertyville Bank	*De novo*	October, 1995
Barrington Bank	*De novo*	December, 1996
Crystal Lake Bank	*De novo*	December, 1997
Northbrook Bank	*De novo*	November, 2000
Advantage Bank *(organized 2001)*	Acquired	October, 2003
Village Bank *(organized 1995)*	Acquired	December, 2003
Beverly Bank	*De novo*	

		April, 2004
Wheaton Bank *(formerly Northview Bank; organized 1993)*	Acquired	September, 2004
Town Bank *(organized 1998)*	Acquired	October, 2004
State Bank of The Lakes *(organized 1894)*	Acquired	January, 2005
First Northwest Bank *(organized 1995; merged into Village Bank in May 2005)*	Acquired	March, 2005
Old Plank Trail Bank	*De novo*	March, 2006
St. Charles Bank *(formerly Hinsbrook Bank; organized 1987)*	Acquired	May, 2006

Following is a summary of the activity related to the expansion of the Company s banking franchise since June 30, 2007:

2008 Banking Expansion Activity

New branch locations:

- Ø Vernon Hills, Illinois a branch of Libertyville Bank

- Ø Deerfield, Illinois a branch of Northbrook Bank

Management s ongoing focus is to balance further asset growth with earnings growth by seeking to more fully leverage the existing capacity within each of the operating subsidiaries. One aspect of this strategy is to continue to pursue specialized earning asset niches in order to maintain the mix of earning assets in higher-yielding loans as well as diversify the loan portfolio. Another aspect of this strategy is a continued focus on less aggressive deposit pricing at the Banks with significant market share and more established customer bases.

Specialty Lending

First Insurance Funding Corporation (FIFC) is the Company s most significant specialized earning asset niche. FIFC makes loans to businesses to finance the insurance premiums they pay on their commercial insurance policies. The insurance premiums financed are primarily for commercial customers purchases of liability, property and casualty and other commercial insurance. This lending involves relatively rapid turnover of the loan portfolio and high volume of loan originations. Because of the indirect nature of this lending and because the borrowers are located nationwide, this segment may be more susceptible to third party fraud than relationship lending; however, management established various control procedures to mitigate the risks associated with this lending. The majority of these loans are purchased by the Banks in order to more fully utilize their lending capacity as these loans generally provide the Banks with higher yields than alternative investments. However, excess FIFC originations over the capacity to retain such loans within the Banks loan portfolios may be sold to unrelated third parties with servicing retained.

Additionally, in 2007, FIFC began to make loans to irrevocable life insurance trusts to purchase life insurance policies for high net-worth individuals. The loans are originated through independent insurance agents or financial advisors and legal counsel. The life insurance policy is the primary collateral on the loan and, in most cases, the loans are also secured by a letter of credit.

On November 1, 2007, the Company acquired Broadway Premium Funding Corporation (Broadway). Broadway is a commercial finance company that specializes in financing insurance premiums for corporate entities. Its products are marketed through insurance agents and brokers to their small to mid-size corporate clients. Broadway is headquartered in the state of New York and services clients primarily in the northeastern United States and California. Broadway is a subsidiary of FIFC.

FIFC and Broadway originated approximately $822 million in loan (premium finance receivables) volume in the second quarter of 2008, and $1.6 billion in the first six months of 2008. FIFC and, since the date of acquisition, Broadway, originated approximately $3.1 billion in loan volume in the calendar year 2007. The loans are originated by FIFC working through independent medium and large insurance agents and brokers located throughout the United States.

SGB Corporation d/b/a WestAmerica Mortgage Company (WestAmerica) engages primarily in the origination and purchase of residential mortgages for sale into the secondary market. WestAmerica s affiliate, Guardian Real Estate Services, Inc. (Guardian) provides the document preparation and other loan closing services to WestAmerica and a network of mortgage brokers. WestAmerica sells its loans with servicing released and does not currently engage in servicing loans for others. WestAmerica maintains principal origination offices in 11 states, including Illinois, and originates loans in other states through wholesale and correspondent offices. WestAmerica provides the Banks with the ability to use an enhanced loan origination and documentation system which allows WestAmerica and the Banks to better utilize existing operational capacity and expand the mortgage products offered to the Banks customers. WestAmerica s production of adjustable rate mortgage loan products and other variable rate mortgage loan products may be purchased by the Banks for their loan portfolios resulting in additional earning assets to the combined organization, thus adding further desired diversification to the Company s earning asset base.

Tricom Inc. (Tricom) is a company that has been in business since 1989 and specializes in providing high-yielding, short-term accounts receivable financing and value-added, out-sourced administrative services, such as data processing of payrolls, billing and cash management services, to clients in the temporary staffing industry. Tricom s clients, located throughout the United States, provide staffing services to businesses in diversified industries. These receivables may involve greater credit risks than generally associated with the loan portfolios of more traditional community banks depending on the marketability of the collateral. The principal sources of repayments on the receivables are payments to borrowers from their customers who are located throughout the United States. Tricom mitigates this risk by employing lockboxes and other cash management techniques to protect its interests. Tricom s revenue principally consists of interest income from financing activities and fee-based revenues from administrative services.

In addition to the earning asset niches provided by the Company s non-bank subsidiaries, several earning asset niches operate within the Banks. Barrington Bank s Community Advantage program provides lending, deposit and cash management services to condominium, homeowner and community associations. In addition, Hinsdale Bank operates a mortgage warehouse lending program that provides loan and deposit services to mortgage brokerage companies located predominantly in the Chicago metropolitan area, and Crystal Lake Bank has a specialty in small aircraft lending. The Company continues to pursue the development or acquisition of other specialty lending businesses that generate assets suitable for bank investment and/or secondary market sales.

Subsequent to June 30, 2008, the Company ceased the origination of indirect automobile loans through Hinsdale Bank. This niche business has served the Company well over the past twelve years in helping *de novo* banks quickly, and profitably, grow into their physical structures. Competitive pricing pressures have significantly reduced the long-term potential profitably of this niche business. Given the current economic environment, the retirement of the founder of this niche business and the distinct possibility of rising interest rates over the longer-term, exiting the origination of this business was deemed to be in the best interest of the Company at this time. The Company will continue to service its existing portfolio during the duration of the credits and does not anticipate any change in historical credit trends for this niche business given this decision.

Wealth Management

Wayne Hummer Investments LLC (WHI), a registered broker-dealer, provides a full-range of investment products and services tailored to meet the specific needs of individual and institutional investors throughout the country, primarily in the Midwest. In addition, WHI provides a full range of investment services to clients through a network of relationships with unaffiliated community-based financial institutions located primarily in Illinois. Although headquartered in Chicago, WHI also operates an office in Appleton, Wisconsin and has branch locations in a majority of the Company s Banks.

Wayne Hummer Asset Management Company (WHAMC), a registered investment advisor, is the investment advisory affiliate of WHI. WHAMC provides money management, financial planning and investment advisory services to individuals and institutional, municipal and tax-exempt organizations. WHAMC also provides portfolio management and financial supervision for a wide-range of pension and profit sharing plans.

Wayne Hummer Trust Company (WHTC) was formed to offer trust and investment management services to all communities served by the Banks. In addition to offering trust services to existing bank customers at each of the Banks, WHTC targets small to mid-size businesses and affluent individuals whose needs command the personalized attention offered by WHTC s experienced trust professionals. Services offered by WHTC typically include traditional trust products and services, as well as investment management services.

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The following table presents a summary of the approximate amount of assets under administration and/or management in the Company s wealth management operating subsidiaries as of the dates shown:

(Dollars in thousands)	**June 30, 2008**	December 31, 2007	June 30, 2007
WHTC	**$ 989,028**	$ 1,009,587	$ 882,743
WHAMC [1]	**430,864**	522,893	554,184
WHAMC s proprietary mutual fund	**10,927**	18,015	24,382
WHI brokerage assets in custody	**5,100,000**	5,600,000	5,500,000

(1) *Excludes the proprietary mutual fund managed by WHAMC*

The decrease in assets under administration and/or management in the second quarter of 2008 was primarily due to lower market valuations.

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RESULTS OF OPERATIONS

Earnings Summary

The Company s key operating measures for 2008, as compared to the same period last year, are shown below:

(Dollars in thousands, except per share data)	**Three Months Ended June 30, 2008**	Three Months Ended June 30, 2007	Percentage (%) or Basis Point (bp) Change
Net income	**$ 11,276**	$ 15,410	(27)%
Net income per common share Diluted	**0.47**	0.62	(24)
Net revenue [1]	**92,408**	86,105	7
Net interest income	**59,400**	65,255	(9)
Net interest margin [6]	**2.77%**	3.13%	(36)bp
Core net interest margin [2] [6]	**3.02**	3.40	(38)
Net overhead ratio [3]	**1.31**	1.68	(37)
Efficiency ratio [4] [6]	**69.34**	69.29	5
Return on average assets	**0.47**	0.66	(19)
Return on average equity	**5.97**	8.52	(255)

	Six Months Ended June 30, 2008	Six Months Ended June 30, 2007	Percentage (%) or Basis Point (bp) Change
Net income	**$ 20,981**	$ 30,091	(30)%
Net income per common share Diluted	**0.87**	1.18	(26)
Net revenue [1]	**178,706**	170,508	5
Net interest income	**121,142**	129,925	(7)
Net interest margin [6]	**2.88%**	3.11%	(23)bp
Core net interest margin [2] [6]	**3.14**	3.37	(23)
Net overhead ratio [3]	**1.47**	1.70	(23)
Efficiency ratio [4] [6]	**70.20**	69.79	41
Return on average assets	**0.44**	0.64	(20)
Return on average equity	**5.61**	8.23	(262)
At end of period			
Total assets	**$ 9,923,077**	$ 9,348,460	6%
Total loans, net of unearned income	**7,153,603**	6,720,960	6
Total deposits	**7,761,367**	7,549,562	3
Junior subordinated debentures	**249,579**	249,745	
Total shareholders equity	**749,025**	720,628	4
Book value per common share	**31.70**	29.82	6
Market price per common share	**23.85**	43.85	(46)

Allowance for credit losses to total loans (5)	**0.81%**	0.71%	10bp
Non-performing assets to total assets	**0.97**	0.39	58

(1) Net revenue is net interest income plus non-interest income.

(2) The core net interest margin excludes the effect of the net interest expense associated with Wintrust s junior subordinated debentures and the interest expense incurred to fund common stock repurchases.

(3) The net overhead ratio is calculated by netting total non-interest expense and total non-interest income, annualizing this amount, and dividing by that period s total average assets. A lower ratio indicates a higher degree of efficiency.

(4) The efficiency ratio is calculated by dividing total non-interest expense by tax-equivalent net revenue (less securities gains or losses). A lower ratio indicates more efficient

revenue generation.

(5) *The allowance for credit losses includes both the allowance for loan losses and the allowance for lending-related commitments.*

(6) *See following section titled, Supplemental Financial Measures/Ratios for additional information on this performance measure/ratio.*

Certain returns, yields, performance ratios, and quarterly growth rates are annualized in this presentation and throughout this report to represent an annual time period. This is done for analytical purposes to better discern for decision-making purposes underlying performance trends when compared to full-year or year-over-year amounts. For example, balance sheet growth rates are most often expressed in terms of an annual rate. As such, 5% growth during a quarter would represent an annualized growth rate of 20%.

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Supplemental Financial Measures/Ratios

The accounting and reporting polices of Wintrust conform to generally accepted accounting principles (GAAP) in the United States and prevailing practices in the banking industry. However, certain non-GAAP performance measures and ratios are used by management to evaluate and measure the Company s performance. These include taxable-equivalent net interest income (including its individual components), net interest margin (including its individual components), core net interest margin and the efficiency ratio. Management believes that these measures and ratios provide users of the Company s financial information with a more meaningful view of the performance of interest-earning assets and interest-bearing liabilities and of the Company s operating efficiency. Other financial holding companies may define or calculate these measures and ratios differently.

Management reviews yields on certain asset categories and the net interest margin of the Company and its banking subsidiaries on a fully taxable-equivalent (FTE) basis. In this non-GAAP presentation, net interest income is adjusted to reflect tax-exempt interest income on an equivalent before-tax basis. This measure ensures comparability of net interest income arising from both taxable and tax-exempt sources. Net interest income on a FTE basis is also used in the calculation of the Company s efficiency ratio. The efficiency ratio, which is calculated by dividing non-interest expense by total taxable-equivalent net revenue (less securities gains or losses), measures how much it costs to produce one dollar of revenue. Securities gains or losses are excluded from this calculation to better match revenue from daily operations to operational expenses.

Management also evaluates the net interest margin excluding the net interest expense associated with the Company s junior subordinated debentures and the interest expense incurred to fund common stock repurchases (Core Net Interest Margin). Because junior subordinated debentures are utilized by the Company primarily as capital instruments and the cost incurred to fund common stock repurchases is capital utilization related, management finds it useful to view the net interest margin excluding these expenses and deems it to be a more meaningful view of the operational net interest margin of the Company.

A reconciliation of certain non-GAAP performance measures and ratios used by the Company to evaluate and measure the Company s performance to the most directly comparable GAAP financial measures is shown below:

	Three Months Ended June 30,		**Six Months Ended June 30,**	
(Dollars in thousands)	**2008**	2007	**2008**	2007
(A) Interest income (GAAP)	**$ 126,160**	$ 152,888	**$ 262,336**	$ 305,195
Taxable-equivalent adjustment:				
Loans	**158**	273	**357**	403
Liquidity management assets	**428**	607	**939**	1,100
Other earning assets	**6**	4	**19**	5
Interest income FTE	**$ 126,752**	$ 153,772	**$ 263,651**	$ 306,703
(B) Interest expense (GAAP)	**66,760**	87,633	**141,194**	175,270
Net interest income FTE	**$ 59,992**	$ 66,139	**$ 122,457**	$ 131,433
(C) Net interest income (GAAP) (A minus B)	**$ 59,400**	$ 65,255	**$ 121,142**	$ 129,925
Net interest income FTE	**$ 59,992**	$ 66,139	**$ 122,457**	$ 131,433
Add: Interest expense on junior subordinated debentures and interest cost incurred for common stock repurchases(1)	**5,470**	5,821	**11,283**	10,908
Core net interest income FTE(2)	**$ 65,462**	$ 71,960	**$ 133,740**	$ 142,341

(D) Net interest margin (GAAP)	**2.74**%	3.08%	**2.84**%	3.07%
Net interest margin FTE	**2.77**%	3.13%	**2.88**%	3.11%
Core net interest margin FTE(2)	**3.02**%	3.40%	**3.14**%	3.37%
(E) Efficiency ratio (GAAP)	**69.79**%	70.00%	**70.72**%	70.41%
Efficiency ratio FTE	**69.34**%	69.29%	**70.20**%	69.79%

(1) *Interest expense from the junior subordinated debentures is net of the interest income on the Common Securities of the Trusts owned by the Company and included in interest income. Interest cost incurred for common stock repurchases is estimated using current period average rates on certain debt obligations.*

(2) *Core net interest income and core net interest margin are by definition non-GAAP measures/ratios. The GAAP equivalents are the net interest income and net interest margin determined in accordance with GAAP (lines C and D in the table).*

Critical Accounting Policies

The Company s Consolidated Financial Statements are prepared in accordance with generally accepted accounting principles in the United States and prevailing practices of the banking industry. Application of these principles requires management to make estimates, assumptions, and judgments that affect the amounts reported in the financial statements and accompanying notes. Critical accounting policies inherently have greater complexity and greater reliance on the use of estimates, assumptions and judgments than other accounting policies, and as such have a greater possibility that changes in those estimates and assumptions could produce financial results that are materially different than originally reported. Estimates, assumptions and judgments are based on information available as of the date of the financial statements; accordingly, as information changes, the financial statements could reflect different estimates and assumptions. Management currently views critical accounting policies to include the determination of the allowance for loan losses and the allowance for losses on lending-related commitments, the valuation of the retained interest in the premium finance receivables sold, the valuations required for impairment testing of goodwill, the valuation and accounting for derivative instruments and the accounting for income taxes as the areas that are most complex and require the most subjective and complex judgments, and as such could be most subject to revision as new information becomes available. For a more detailed discussion on these critical accounting policies, see Summary of Critical Accounting Policies beginning on page 28 of the Company s 2007 Annual Report.

During the second quarter of 2008, the Company refined its methodology for determining certain elements of the allowance for loan losses. These refinements resulted in allocation of the allowance to loan portfolio groups based on loan collateral and credit risk rating. Previously, this element of the allowance was not segmented at the loan collateral and credit risk rating level. Impaired loans continue to be evaluated on an individual loan basis in accordance with Statement of Financial Accounting Standard (SFAS) 114, Accounting by Creditors for Impairment of a Loan.

Net Income

Net income for the quarter ended June 30, 2008 totaled $11.3 million, a decrease of $4.1 million, or 27%, compared to the $15.4 million recorded in the second quarter of 2007. As compared to the $9.7 million recorded in the first quarter of 2008, net income increased $1.6 million or 16%. On a per share basis, net income for the second quarter of 2008 totaled $0.47 per diluted common share, a decrease of $0.15 per share, or 24%, as compared to the 2007 second quarter total of $0.62 per diluted common share. Compared to the first quarter of 2008, net income per diluted share in the second quarter of 2008 increased by $0.07, or 18%.

Significant items negatively affecting the second quarter of 2008 results include net interest rate margin compression resulting from the continued effect of the Federal Reserves Board s prior quarter s interest rate cuts, an additional rate reduction in the second quarter of 2008 and an increase in provision for credit losses, as discussed in the Asset Quality section of this report, offset by a higher level of covered call option income. The return on average equity for the second quarter of 2008 was 5.97%, compared to 8.52% for the prior year second quarter and 5.25% for the first quarter of 2008.

Net income for the first six months of 2008 totaled $21.0 million, a decrease of $9.1 million, or 30%, compared to $30.1 million for the same period in 2007. On a per share basis, net income per diluted common share was $0.87 for the first six months of 2008, a decrease of $0.31 per share, or 26%, compared to $1.18 for the first six months of 2007. Return on average equity for the first six months of 2008 was 5.61% versus 8.23% for the same period of 2007.

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Net Interest Income

Net interest income, which represents the difference between interest income and fees on earning assets and interest expense on deposits and borrowings, is the major source of earnings for the Company. Interest rate fluctuations and the volume and mix of interest-earning assets and interest-bearing liabilities impact net interest income. Net interest margin represents tax-equivalent net interest income as a percentage of the average earning assets during the period.

The following table presents a summary of the Company s net interest income and related net interest margins, calculated on a fully taxable equivalent basis, for the second quarter of 2008 as compared to the second quarter of 2007 (linked quarters):

	For the Three Months Ended June 30, 2008			For the Three Months Ended June 30, 2007		
(Dollars in thousands)	**Average**	**Interest**	**Rate**	Average	Interest	Rate
Liquidity management assets [1] [2] [8]	**$ 1,543,795**	**$ 17,521**	**4.56%**	$ 1,686,596	$ 21,699	5.16%
Other earning assets [2] [3] [8]	**22,519**	**270**	**4.83**	25,791	521	8.10
Loans, net of unearned income [2] [4] [8]	**7,158,317**	**108,961**	**6.12**	6,772,512	131,552	7.79
Total earning assets [8]	**$ 8,724,631**	**$ 126,752**	**5.84%**	$ 8,484,899	$ 153,772	7.27%
Allowance for loan losses	**(53,798)**			(47,982)		
Cash and due from banks	**125,806**			132,216		
Other assets	**885,815**			826,399		
Total assets	**$ 9,682,454**			$ 9,395,532		
Interest-bearing deposits	**$ 6,906,437**	**$ 53,862**	**3.14%**	$ 6,896,118	$ 73,735	4.29%
Federal Home Loan Bank advances	**437,642**	**4,557**	**4.19**	400,918	4,400	4.40
Notes payable and other borrowings	**439,130**	**2,900**	**2.66**	322,811	3,562	4.42
Subordinated notes	**75,000**	**843**	**4.45**	75,000	1,273	6.72
Junior subordinated debentures	**249,594**	**4,598**	**7.29**	249,760	4,663	7.39
Total interest-bearing liabilities	**$ 8,107,803**	**$ 66,760**	**3.31%**	$ 7,944,607	$ 87,633	4.42%
Non-interest bearing deposits	**663,526**			646,278		
Other liabilities	**150,872**			79,182		
Equity	**760,253**			725,465		
Total liabilities and shareholders equity	**$ 9,682,454**			$ 9,395,532		
Interest rate spread [5] [8]			**2.53%**			2.85%
Net free funds/contribution [6]	**$ 616,828**		**0.24**	$ 540,292		0.28
Net interest income/Net interest		**$ 59,992**	**2.77%**		$ 66,139	3.13%

margin [8]		
Core net interest margin [7] [8]	**3.02%**	3.40%

(1) Liquidity management assets include available-for-sale securities, interest earning deposits with banks, federal funds sold and securities purchased under resale agreements.

(2) Interest income on tax-advantaged loans, trading account securities and securities reflects a tax-equivalent adjustment based on a marginal federal corporate tax rate of 35%. The total adjustments for the three months ended June 30, 2008 and 2007 were $592,000 and $884,000, respectively.

(3) Other earning assets include brokerage customer receivables and trading account securities.

(4) Loans, net of unearned income, include mortgages held-for-sale and non-accrual loans.

(5) Interest rate spread is the difference between the yield earned

on earning assets and the rate paid on interest-bearing liabilities.

(6) *Net free funds are the difference between total average earning assets and total average interest-bearing liabilities. The estimated contribution to net interest margin from net free funds is calculated using the rate paid for total interest-bearing liabilities.*

(7) *The core net interest margin excludes the effect of the net interest expense associated with Wintrust s junior subordinated debentures and the interest expense incurred to fund common stock repurchases.*

(8) *See Supplemental Financial Measures/Ratios for additional information on this performance measure/ratio.*

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Quarter Ended June 30, 2008 compared to the Quarter Ended June 30, 2007

Tax-equivalent net interest income for the quarter ended June 30, 2008 totaled $60.0 million, a decrease of $6.1 million, or 9%, as compared to the $66.1 million recorded in the same quarter of 2007.

For the second quarter of 2008, the net interest margin was 2.77%, down 36 basis points when compared to the net interest margin of 3.13% in the same quarter of 2007. The core net interest margin, which excludes the net interest expense related to the Company s junior subordinated debentures and the interest expense attributable to funding common stock repurchases, was 3.02% for the second quarter of 2008 compared to 3.40% for the second quarter of 2007.

The yield on total earning assets was 5.84% for the second quarter of 2008 and 7.27% in the second quarter of 2007. The second quarter 2008 yield on loans was 6.12%, a 167 basis point decrease when compared to the prior year second quarter yield of 7.79%. The average loan-to-deposit ratio increased to 95% in the second quarter of 2008 compared to 90% in same quarter of 2007, as a result of strong commercial and commercial real estate loan growth coupled with an increase in home equity loans to new customers. In the fourth quarter of 2007 the Company reinstated its program of selling premium finance receivables as the average loan-to-deposit ratio was above the target of 85% to 90%. By selling $69.5 million of premium finance receivables at the end of the second quarter of 2008, the period-end loan-to-deposit ratio as of June 30, 2008 declined to 92%. The yield on liquidity management assets in the second quarter of 2008 was 4.56% compared to 5.16% in the second quarter of 2007.

The rate paid on interest-bearing liabilities was 3.31% in the second quarter of 2008 and 4.42% in the second quarter of 2007. The interest-bearing deposit rate in the second quarter of 2008 declined 115 basis points to 3.14% from a rate of 4.29% in the same quarter in 2007. Progress has been made since the second quarter of 2007 in shifting the mix of retail deposits away from certificates of deposit into lower cost, more variable rate NOW, savings, money market and wealth management deposits.

The rate paid on wholesale funding, consisting of Federal Home Loan Bank of Chicago advances, notes payable, subordinated notes, other borrowings and junior subordinated debentures, decreased to 4.29% in the second quarter of 2008 compared to 5.29% in the second quarter of 2007. The Company utilizes certain borrowing sources to fund the additional capital requirements of the Banks, manage capital, manage its interest rate risk position and for general corporate purposes.

The lower levels of net interest income and net interest margin in the second quarter of 2008 were caused by margin compression. Interest rate compression occurred as the Federal Reserve quickly lowered rates in the first and second quarters of 2008 preventing large portions of NOW, savings and money market accounts from repricing at the same magnitude as variable rate earning assets. Disciplined retail deposit pricing and the repricing of maturing retail certificates of deposit at lower rates coupled with widening credit spreads on new loan volumes is expected to lessen the impact of the compression of the net interest margin.

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The following table presents a summary of the Company s net interest income and related net interest margins, calculated on a fully taxable equivalent basis, for the second quarter of 2008 as compared to the first quarter of 2008 (sequential quarters):

	For the Three Months Ended June 30, 2008			For the Three Months Ended March 31, 2008		
(Dollars in thousands)	**Average**	**Interest**	**Rate**	Average	Interest	Rate
Liquidity management assets [1] [2] [8]	**$ 1,543,795**	**$ 17,521**	**4.56%**	$ 1,391,400	$ 17,346	5.01%
Other earning assets [2] [3] [8]	**22,519**	**270**	**4.83**	26,403	401	6.10
Loans, net of unearned income [2] [4] [8]	**7,158,317**	**108,961**	**6.12**	7,012,642	119,153	6.83
Total earning assets [8]	**$ 8,724,631**	**$ 126,752**	**5.84%**	$ 8,430,445	$ 136,900	6.53%
Allowance for loan losses	**(53,798)**			(51,364)		
Cash and due from banks	**125,806**			124,745		
Other assets	**885,815**			869,713		
Total assets	**$ 9,682,454**			$ 9,373,539		
Interest-bearing deposits	**$ 6,906,437**	**$ 53,862**	**3.14%**	$ 6,747,980	$ 61,430	3.66%
Federal Home Loan Bank advances	**437,642**	**4,557**	**4.19**	426,911	4,556	4.29
Notes payable and other borrowings	**439,130**	**2,900**	**2.66**	332,019	2,770	3.36
Subordinated notes	**75,000**	**843**	**4.45**	75,000	1,087	5.73
Junior subordinated debentures	**249,594**	**4,598**	**7.29**	249,635	4,591	7.28
Total interest-bearing liabilities	**$ 8,107,803**	**$ 66,760**	**3.31%**	$ 7,831,545	$ 74,434	3.82%
Non-interest bearing deposits	**663,526**			642,917		
Other liabilities	**150,872**			155,080		
Equity	**760,253**			743,997		
Total liabilities and shareholders equity	**$ 9,682,454**			$ 9,373,539		
Interest rate spread [5] [8]			**2.53%**			2.71%
Net free funds/contribution [6]	**$ 616,828**		**0.24**	$ 598,900		0.27
Net interest income/Net interest margin [8]		**$ 59,992**	**2.77%**		$ 62,466	2.98%
Core net interest margin [7] [8]			**3.02%**			3.26%

(1) *Liquidity management assets include available-for-sale securities, interest earning deposits with banks, federal funds sold and securities purchased under resale agreements.*

(2) *Interest income on tax-advantaged loans, trading account securities and securities reflects a tax-equivalent adjustment based on a marginal federal corporate tax rate of 35%. The total adjustments for the three months ended June 30, 2008 was $592,000 and for the three months ended March 31, 2008 was $724,000.*

(3) *Other earning assets include brokerage customer receivables and trading account securities.*

(4) *Loans, net of unearned income, include mortgages held-for-sale and non-accrual loans.*

(5)

Interest rate spread is the difference between the yield earned on earning assets and the rate paid on interest-bearing liabilities.

(6) *Net free funds are the difference between total average earning assets and total average interest-bearing liabilities. The estimated contribution to net interest margin from net free funds is calculated using the rate paid for total interest-bearing liabilities.*

(7) *The core net interest margin excludes the effect of the net interest expense associated with Wintrust s junior subordinated debentures and the interest expense incurred to fund common stock repurchases.*

(8) *See Supplemental Financial Measures/Ratios for additional information on this performance measure/ratio.*

Quarter Ended June 30, 2008 compared to the Quarter Ended March 31, 2008

Tax-equivalent net interest income for the quarter ended June 30, 2008 totaled $60.0 million, a decrease of $2.5 million, or 4%, as compared to the $62.5 million recorded in the first quarter of 2008.

For the second quarter of 2008, the net interest margin was 2.77%, down 21 basis points when compared to the first quarter of 2008. The core net interest margin, which excludes the net interest expense related to the Company s junior subordinated debentures and the interest expense related to the repurchases of common stock, was 3.02% for the second quarter of 2008 and 3.26% for the first quarter of 2008.

The yield on total earning assets for the second quarter of 2008 was 5.84% as compared to the 6.53% in the first quarter of 2008. The second quarter of 2008 yield on loans was 6.12%, a 71 basis point decrease when compared to the first quarter 2007 yield of 6.83%. The average loan-to-deposit ratio remained level at 95% compared to the first quarter of 2008 as a result of strong commercial and commercial real estate loan growth. In the fourth quarter of 2007, the Company reinstated its program of selling premium finance receivables as the average loan-to-deposit ratio was above the target of 85% to 90%. The liquidity management assets yield in the second quarter of 2008 was 4.56% compared to 5.01% in the first quarter of 2008.

The rate paid on interest-bearing liabilities decreased to 3.31% in the second quarter of 2008 as compared to 3.82% in the first quarter of 2008. The cost of interest-bearing deposits decreased in the second quarter of 2008 to 3.14% compared to 3.66% in the first quarter of 2008. The average balance of retail certificates of deposits declined $83.3 million while the average balance of savings, NOW, money market and wealth management deposits increased $157.3 million compared to the first quarter of 2008.

The rate paid on wholesale funding, consisting of Federal Home Loan Bank of Chicago advances, notes payable, subordinated notes, other borrowings and junior subordinated debentures, decreased to 4.29% in the second quarter of 2008 compared to 4.79% in the first quarter of 2008. The Company utilizes certain borrowing sources to fund the additional capital requirements of the Banks, manage capital, manage interest rate risk position and for general corporate purposes.

The lower levels of net interest income and net interest margin in the second quarter of 2008 compared to the first quarter of 2008 were caused by margin compression. Interest rate compression occurred as the Federal Reserve quickly lowered rates preventing large portions of NOW, savings and money market accounts from repricing at the same magnitude as variable rate earning assets. Continued disciplined retail deposit pricing and the repricing of maturing retail certificates of deposit at lower rates coupled with widening credit spreads on new loan volumes is expected to lessen the impact of the compression of the net interest margin.

The following table presents a summary of the Company s net interest income and related net interest margins, calculated on a fully taxable equivalent basis, for the first six months of 2008 as compared to the first six months of 2007:

	For the Six Months Ended June 30, 2008			For the Six Months Ended June 30, 2007		
(Dollars in thousands)	**Average**	**Interest**	**Rate**	Average	Interest	Rate
Liquidity management assets [1] [2] [8]	**$ 1,467,768**	**$ 34,867**	**4.78%**	$ 1,799,433	$ 46,168	5.17%
Other earning assets [2] [3] [8]	**24,461**	**671**	**5.51**	25,593	988	7.79
Loans, net of unearned income [2] [4] [8]	**7,084,189**	**228,113**	**6.48**	6,696,689	259,547	7.82
Total earning assets [8]	**$ 8,576,418**	**$ 263,651**	**6.18%**	$ 8,521,715	$ 306,703	7.26%
Allowance for loan losses	**(52,605)**			(47,729)		
Cash and due from banks	**125,274**			131,834		
Other assets	**877,745**			818,155		
Total assets	**$ 9,526,832**			$ 9,423,975		
Interest-bearing deposits	**$ 6,827,209**	**$ 115,292**	**3.40%**	$ 6,987,838	$ 149,625	4.32%
Federal Home Loan Bank advances	**432,276**	**9,113**	**4.24**	393,453	8,529	4.37
Notes payable and other borrowings	**385,319**	**5,670**	**2.96**	253,944	5,290	4.20
Subordinated notes	**75,000**	**1,930**	**5.09**	75,000	2,568	6.81
Junior subordinated debentures	**249,615**	**9,189**	**7.28**	249,781	9,258	7.37
Total interest-bearing liabilities	**$ 7,969,419**	**$ 141,194**	**3.56%**	$ 7,960,016	$ 175,270	4.44%
Non-interest bearing deposits	**653,232**			645,206		
Other liabilities	**152,077**			81,263		
Equity	**752,104**			737,490		
Total liabilities and shareholders equity	**$ 9,526,832**			$ 9,423,975		
Interest rate spread [5] [8]			**2.62%**			2.82%
Net free funds/contribution [6]	**$ 606,999**		**0.26**	$ 561,699		0.29
Net interest income/Net interest margin [8]		**$ 122,457**	**2.88%**		$ 131,433	3.11%
Core net interest margin [7] [8]			**3.14%**			3.37%

(1) Liquidity management assets include available-for-sale securities, interest earning deposits with banks, federal funds sold and securities purchased under resale agreements.

(2) Interest income on tax-advantaged loans, trading account securities and securities reflects a tax-equivalent adjustment based on a marginal federal corporate tax rate of 35%. The total adjustments for the six months ended June 30, 2008 and 2007 were $1.3 million and $1.5 million, respectively.

(3) Other earning assets include brokerage customer receivables and trading account securities.

(4) Loans, net of unearned income, include mortgages held-for-sale and non-accrual loans.

(5) Interest rate spread is the difference between

the yield earned on earning assets and the rate paid on interest-bearing liabilities.

(6) Net free funds are the difference between total average earning assets and total average interest-bearing liabilities. The estimated contribution to net interest margin from net free funds is calculated using the rate paid for total interest-bearing liabilities.

(7) The core net interest margin excludes the effect of the net interest expense associated with Wintrust s junior subordinated debentures and the interest expense incurred to fund common stock repurchases.

(8) See Supplemental Financial Measures/Ratios for additional information on this performance measure/ratio.

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Six Months Ended June 30, 2008 compared to the Six Months Ended June 30, 2007

Tax-equivalent net interest income for the six months ended June 30, 2008 totaled $122.5 million, a decrease of $8.9 million, or 7%, as compared to the $131.4 million recorded in the first half of 2007.

For the first half of 2008, the net interest margin was 2.88%, down 23 basis points when compared to the first half of 2007. The core net interest margin, which excludes the net interest expense related Wintrust s junior subordinated debentures and the interest expense related to the common stock repurchases, was 3.14% for the first half of 2008 and 3.37% for the first half of 2007.

The yield on total earning assets for the first half of 2008 was 6.18% as compared to 7.26% in the first half of 2007. The first six months of 2008 yield on loans was 6.48%, a 134 basis point decrease when compared to the prior year first six months yield of 7.82%. The liquidity management assets yield in the first half of 2008 was 4.78% compared to 5.17% in the first half of 2007.

The rate paid on interest-bearing liabilities decreased to 3.56% in the first half of 2008 as compared to 4.44% in the first half of 2007. The cost of interest-bearing deposits decreased in the first of 2008 to 3.40% compared to 4.32% in the first half of 2007. The rate paid on wholesale funding, consisting of Federal Home Loan Bank of Chicago advances, notes payable, subordinated notes, other borrowings and junior subordinated debentures, decreased to 4.53% in the first of 2008 compared to 5.29% in the first half of 2007. The Company utilizes certain borrowing sources to fund the additional capital requirements of the subsidiary banks, manage capital, manage interest risk position and for general corporate purposes.

The lower levels of net interest income and net interest margin in the first half of 2008 were caused by margin compression. The first half of 2008 reflects the shifting mix of retail deposits away from certificates of deposit into lower cost, more variable rate NOW, savings, money market and wealth management deposits. The average balance of savings, NOW, money market and wealth management deposits increased $327.6 million compared to the first half of 2007 while retail CDs decreased by $467.6 million. Interest rate compression on large portions of NOW, savings and money market accounts as the Federal Reserve quickly lowered rates prevented these deposits from repricing at the same magnitude as variable rate earning assets. During the first half of 2008, the cost of these deposits declined 118 basis points while the yield on total loans decreased 134 basis points. Repricing of maturing retail certificates of deposit over the next 12 months coupled with a more stable rate environment from the Federal Reserve Bank should prevent additional compression of net interest margin.

Analysis of Changes in Tax-equivalent Net Interest Income

The following table presents an analysis of the changes in the Company s tax-equivalent net interest income comparing the three-month periods ended June 30, 2008 and March 31, 2008, the six-month periods ended June 30, 2008 and June 30, 2007 and the three-month periods ended June 30, 2008 and June 30, 2007. The reconciliations set forth the changes in the tax-equivalent net interest income as a result of changes in volumes, changes in rates and differing number of days in each period.

(Dollars in thousands)	Second Quarter of 2008 Compared to First Quarter of 2008	First Six Months of 2008 Compared to First Six Months Of 2007	Second Quarter of 2008 Compared to Second Quarter of 2007
Tax-equivalent net interest income for comparative period	$ 62,466	$ 131,433	$ 66,139
Change due to mix and growth of earning assets and interest-bearing liabilities (volume)	1,458	5,363	3,328
Change due to interest rate fluctuations (rate)	(3,932)	(15,061)	(9,475)
Change due to number of days in each period		722	

Tax-equivalent net interest income for the period ended June 30, 2008	**$ 59,992**	**$ 122,457**	**$ 59,992**

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Non-interest Income

For the second quarter of 2008, non-interest income totaled $33.0 million and increased $12.2 million, or 58%, compared to the second quarter of 2007. On a year-to-date basis, non-interest income totaled $57.6 million and increased $17.0 million, or 42%, compared to the same period in 2007. The increase for the quarterly and year-to-date periods were primarily attributable to a higher level of fees from covered call options.

The following table presents non-interest income by category for the periods presented:

	Three Months Ended June 30,		$	%
(Dollars in thousands)	**2008**	2007	Change	Change
Brokerage	**$ 4,948**	$ 5,084	$ (136)	(3)%
Trust and asset management	**2,823**	2,687	136	5
Total wealth management	**7,771**	7,771		
Mortgage banking	**7,536**	6,754	782	12
Service charges on deposit accounts	**2,565**	2,071	494	24
Gain on sales of premium finance receivables	**566**	175	391	N/M
Administrative services	**755**	1,048	(293)	(28)
(Losses) gains on available-for-sale securities, net	**(140)**	192	(332)	N/M
Other:				
Fees from covered call options	**12,083**	443	11,640	N/M
Bank Owned Life Insurance	**851**	992	(141)	(14)
Miscellaneous	**1,021**	1,404	(383)	(27)
Total other	**13,955**	2,839	11,116	N/M
Total non-interest income	**$ 33,008**	$ 20,850	$ 12,158	58%

	Six Months Ended June 30,		$	%
(Dollars in thousands)	**2008**	2007	Change	Change
Brokerage	**$ 9,986**	$ 10,155	$ (169)	(2)%
Trust and asset management	**5,650**	5,235	415	8
Total wealth management	**15,636**	15,390	246	2
Mortgage banking	**13,632**	12,217	1,415	12
Service charges on deposit accounts	**4,938**	3,959	979	25
Gain on sales of premium finance receivables	**1,707**	444	1,263	N/M
Administrative services	**1,468**	2,061	(593)	(29)
Gains (losses) on available-for-sale securities, net	**(1,473)**	239	(1,712)	N/M
Other:				
Fees from covered call options	**18,863**	879	17,984	N/M
Bank Owned Life Insurance	**1,464**	1,801	(337)	(19)
Miscellaneous	**1,329**	3,593	(2,264)	(63)
Total other	**21,656**	6,273	15,383	N/M

Total non-interest income	**$ 57,564**	$ 40,583	$ 16,981	42%

N/M = Not Meaningful

Wealth management is comprised of the trust and asset management revenue of WHTC and the asset management fees, brokerage commissions, trading commissions and insurance product commissions at WHI and WHAMC. Wealth management totaled $7.8 million in both the second quarter of 2008 and 2007. For the six months ended June 30, 2008, wealth management increased $246,000, or 2%, compared to the same period last year. The Company anticipates continued growth of the wealth management business.

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Mortgage banking includes revenue from activities related to originating, selling and servicing residential real estate loans for the secondary market. For the quarter ended June 30, 2008, this revenue source totaled $7.5 million, an increase of $782,000, or 12%, when compared to the second quarter of 2007. For the six months ended June 30, 2008, mortgage banking revenue increased $1.4 million, or 12%, compared to the first half of 2007. The increase for the current quarter and the six months ended June 30, 2008, compared to the same periods in the prior year is primarily a result of higher gains recognized on mortgage servicing rights as well as on mortgage loans sold. Future growth of mortgage banking is impacted by the interest rate environment and will continue to be dependent upon the relative level of long-term interest rates. A continuation of the existing depressed residential real-estate environment may continue to hamper mortgage banking production growth. Additionally, see Note 2 of the Financial Statements presented under Item 1 of this report for a discussion of the Company s adoption of Statement of Financial Accounting Standards No. 159, The Fair Value Option for Financial Assets and Financial Liabilities Including an Amendment of FASB Statement No. 115.

Service charges on deposit accounts totaled $2.6 million for the second quarter of 2008, an increase of $494,000, or 24%, when compared to the same quarter of 2007. On a year-to-date basis, service charges on deposit accounts totaled $4.9 million, an increase of $979,000, or 25%, when compared to the same period of 2007. The majority of deposit service charges relates to customary fees on overdrawn accounts and returned items. The level of service charges received is substantially below peer group levels, as management believes in the philosophy of providing high quality service without encumbering that service with numerous activity charges.

Gain on sales of premium finance receivables results from the Company s sales of premium finance receivables to unrelated third parties. In the first six months of 2008, approximately 88% of the receivables originated by FIFC were purchased by the Banks to more fully utilize their lending capacity. However, from the third quarter of 2006 to the third quarter of 2007, all of the receivables originated by FIFC were purchased by the Banks. In the fourth quarter of 2007, due to the Company s average loan-to-average deposit ratio being consistently above the target of 85% to 90%, the Company reinstated its program of selling premium finance receivables, with servicing retained, to unrelated third parties. Having a program in place to sell premium finance receivables to third parties allows the Company to execute its strategy to be asset-driven while providing the benefits of additional sources of liquidity and revenue.

In the second quarter and first six months of 2008, the Company sold $69.5 million and $184.3 million, respectively, of premium finance receivables to unrelated third parties and recognized gains of $566,000 and $1.7 million, respectively. The Company did not sell premium finance receivables to unrelated third parties in the second quarter and first six months of 2007 but did recognize gains of $175,000 and $444,000, respectively, related to clean up calls and excess cash flows on loans previously sold. Recognized gains related to sales activity are significantly influenced by the spread between the yield on the loans sold and the rate passed on to the purchaser. The yield on loans sold and the rate passed on to the purchaser typically do not react in a parallel fashion, therefore causing the spreads to vary from period to period. This interest rate spread was 5.09% to 5.50% in the first six months of 2008.

The Company continues to maintain an interest in the loans sold and establishes a servicing asset, interest only strip and a recourse obligation upon each sale. Recognized gains, recorded in accordance with SFAS 140, as well as the Company s retained interests in these loans are based on the Company s projection of cash flows that will be generated from the loans. The cash flow model incorporates the amounts contractually due from customers, including an estimate of late fees, the amounts due to the purchaser of the loans, commissions paid to agents as well as estimates of the terms of the loans and credit losses. Significant differences in actual cash flows and the projected cash flows can cause impairment to the servicing asset and interest only strip as well as adjustments to the recourse obligation. The Company typically makes a clean up call by repurchasing the remaining loans in the pools sold after approximately ten months from the sale date. Upon repurchase, the loans are recorded in the Company s premium finance receivables portfolio and any remaining balance of the Company s retained interest is recorded as an adjustment to the gain on sale of premium finance receivables. The Company continuously monitors the performance of the loan pools to the projections and adjusts the assumptions in its cash flow model when warranted.

At June 30, 2008, premium finance receivables sold and serviced for others for which the Company retains a recourse obligation related to credit losses totaled $189.1 million. The recourse obligation is estimated in computing the net gain on the sale of the premium finance receivables. At June 30, 2008, the recourse obligation carried in other liabilities was approximately $263,000. At June 30, 2007, there were no outstanding premium finance receivables sold and serviced for others for which the Company needed to retain a recourse obligation related to credit losses. Credit losses incurred on loans sold are applied against the recourse obligation liability that is established at the date of sale. Credit losses, net of recoveries, in the first six months of 2008 and 2007 for premium finance receivables sold and serviced for others, totaled $59,000 and $139,000, respectively. At June 30, 2008, non-performing loans related to this sold portfolio were approximately $4.0 million, or 2.14%, of the sold loans. Ultimate losses on premium finance receivables are substantially less than the non-performing loans for the reasons noted in the Non-performing Premium Finance Receivables portion of the Asset Quality section of this report.

The administrative services revenue contributed by Tricom added $755,000 to total non-interest income in the second quarter of 2008 and $1.0 million in the second quarter of 2007. On a year-to-date basis, administrative services revenue decreased $593,000, or 29%, as compared to the same period in 2007. This revenue comprises income from administrative services, such as data processing of payrolls, billing and cash management services to temporary staffing service clients located throughout the United States. Tricom also earns interest and fee income from providing high-yielding, short-term accounts receivable financing to this same client base, which is included in the net interest income category. Tricom s revenue source continues to be hampered by competitive pricing and current economic conditions.

The Company recognized $140,000 of net losses on available-for-sale securities in the second quarter of 2008 compared to net gains of $192,000 in the prior year quarter. On a year-to-date basis, the Company recognized $1.5 million of net losses on available-for-sale securities compared to net gains of $239,000 for the same period in 2007. For the quarter and six months ended June 30, 2008, the Company recognized $212,000 and $2.1 million, respectively, of non-cash other-than-temporary impairment charges on certain corporate debt investment securities. See Note 4 of the Financial Statements presented under Item 1 of this report for details of other-than-temporary impairment charges.

Fees from covered call option transactions were $12.1 million in the second quarter of 2008 compared to $443,000 in the second quarter of 2007. On a year-to-date basis, the Company recognized fee income of $18.9 million in 2008 and $879,000 in 2007. The interest rate environment in 2008 has been conducive to entering into a significantly higher level of covered call option transactions than in the first six months of 2007. During the six months of 2008, call option contracts were written against $1.8 billion of underlying securities compared to $220 million in the first six months of 2007. The same security may be included in this total more than once to the extent that multiple option contracts were written against it if the initial option contracts were not exercised. The Company writes call options with terms of less than three months against certain U.S. Treasury and agency securities held in its portfolio for liquidity and other purposes. These call option transactions are designed to increase the total return associated with the investment securities portfolio and do not qualify as hedges pursuant to SFAS 133. There were no outstanding call options at June 30, 2008, December 31, 2007 or June 30, 2007.

Bank Owned Life Insurance (BOLI) income totaled $851,000 in the second quarter of 2008 and $992,000 in the same period of 2007. The Company originally purchased BOLI to consolidate existing term life insurance contracts of executive officers and to mitigate the mortality risk associated with death benefits provided for in executive employment contracts and later in connection with certain deferred compensation arrangements. As of June 30, 2008, the Company s recorded investment in BOLI was $86.3 million and is included in other assets. Income attributable to changes in cash surrender value of BOLI policies was $1.5 million for the first six months of 2008 and $1.8 million for the same period of 2007.

Miscellaneous other non-interest income includes service charges and fees and miscellaneous income and totaled $1.0 million in the second quarter of 2008 compared to $1.4 million in the second quarter of 2007. On a year-to-date basis, miscellaneous other non-interest income totaled $1.3 million in 2008 and $3.6 million in 2007. The lower miscellaneous other non-interest income in 2008 is primarily the result of the Company recording a $948,000 non-cash other-than-temporary impairment charge on certain investment partnerships in the first quarter of 2008

coupled with other losses realized on equity method investment partnerships.

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Non-interest Expense

Non-interest expense for the second quarter of 2008 totaled $64.6 million and increased approximately $4.5 million, or 7%, from the second quarter 2007 total of $60.1 million. On a year-to-date basis, non-interest expense totaled $127.4 million and increased $7.5 million, or 6%, compared to the same period in 2007. The Company added two locations in the past 12 months that added to all categories of non-interest expense. Salary and employee benefits, equipment, occupancy and marketing are directly impacted by the addition of new locations.

The following table presents non-interest expense by category for the periods presented:

	Three Months Ended			
(Dollars in thousands)	**June 30, 2008**	June 30, 2007	$ Change	% Change
Salaries and employee benefits	**$ 36,976**	$ 35,060	$ 1,916	5%
Equipment	**4,048**	3,829	219	6
Occupancy, net	**5,438**	5,347	91	2
Data processing	**2,918**	2,578	340	13
Advertising and marketing	**1,368**	1,513	(145)	(10)
Professional fees	**2,227**	1,685	542	32
Amortization of other intangible assets	**779**	964	(185)	(19)
Other:				
Commissions 3rd party brokers	**997**	999	(2)	
Postage	**1,055**	974	81	8
Stationery and supplies	**756**	798	(42)	(5)
FDIC insurance	**1,289**	786	503	64
Miscellaneous	**6,734**	5,605	1,129	20
Total other	**10,831**	9,162	1,669	18
Total non-interest expense	**$ 64,585**	$ 60,138	$ 4,447	7%

	Six Months Ended			
(Dollars in thousands)	**June 30, 2008**	June 30, 2007	$ Change	% Change
Salaries and employee benefits	**$ 73,648**	$ 70,977	$ 2,671	4%
Equipment	**7,974**	7,419	555	7
Occupancy, net	**11,305**	10,782	523	5
Data processing	**5,716**	5,054	662	13
Advertising and marketing	**2,367**	2,591	(224)	(9)
Professional fees	**4,295**	3,288	1,007	31
Amortization of other intangible assets	**1,567**	1,933	(366)	(19)
Other:				
Commissions 3rd party brokers	**1,982**	2,025	(43)	(2)
Postage	**2,041**	1,819	222	12
Stationery and supplies	**1,498**	1,569	(71)	(5)
FDIC insurance	**2,575**	1,390	1,185	85
Miscellaneous	**12,450**	11,035	1,415	13
Total other	**20,546**	17,838	2,708	15

Total non-interest expense	**$ 127,418**	$ 119,882	$ 7,536	6%

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Salaries and employee benefits comprised 57% and 58% of total non-interest expense in the second quarter of 2008 and 2007, respectively, while they were 58% and 59% of total non-interest expense for the six months ended June 30, 2008 and 2007, respectively. Salaries and employee benefits expense increased $1.9 million and $2.7 million in the second quarter and first six months of 2008, respectively, compared to the same periods in 2007 primarily from increases in base compensation and Company-sponsored health and dental insurance premiums. Additionally, the second quarter of 2008 included a one-time charge of approximately $0.5 million for net contractual long-term disability payments due to a former officer under terms of an employment contract.

The combined equipment and occupancy expense for the second quarter of 2008 was $9.5 million, an increase of $310,000, or 3%, compared to the same period of 2007. On a year-to-date basis, the combined equipment and occupancy expense was $19.3 million in 2008, an increase of $1.1 million, or 6%, compared to the same period of 2007.

Professional fees include legal, audit and tax fees, external loan review costs and normal regulatory exam assessments. Professional fees for the second quarter of 2008 were $2.2 million, and increase of $542,000, or 32%, compared to the same period of 2007. On a year-to-date basis, professional fees were $4.3 million, an increase of $1.0 million, or 31%, compared to the same period of 2007. These increases are primarily a result of increased legal costs related to non-performing loans.

FDIC insurance totaled $1.3 million in the second quarter of 2008, an increase of $503,000, or 64%, compared to $786,000 in the second quarter of 2007. On a year-to-date basis, FDIC insurance totaled $2.6 million, an increase of $1.2 million, or 85%, compared to the same period of 2007. The significant increase in 2008 is a result of a higher rate structure imposed on all financial institutions beginning in 2007. The Banks, like most banks, received credits for overcharges by the FDIC in past years, effectively reducing their premiums in 2007.

Miscellaneous expense includes expenses such as ATM expenses, correspondent bank charges, directors fees, telephone, travel and entertainment, corporate insurance and dues and subscriptions.

Income Taxes

The Company recorded income tax expense of $6.2 million for the three months ended June 30, 2008 compared to $8.1 million for the same period of 2007. The effective tax rate was 35.6% and 34.4% in the second quarter of 2008 and 2007, respectively. The effective rate for the six months ended June 30, 2008 and 2007 was 35.3% and 35.0%, respectively. The slightly higher effective tax rates in the 2008 periods as compared to the same periods in 2007 are primarily due to a higher level of state income taxes in the 2008 periods offset by the effect of increased amounts of federally tax-advantaged income relative to the level of pre-tax income in the periods.

Operating Segment Results

As described in Note 9 to the Consolidated Financial Statements, the Company s operations consist of four primary segments: banking, premium finance, Tricom and wealth management. The Company s profitability is primarily dependent on the net interest income, provision for credit losses, non-interest income and operating expenses of its banking segment. The net interest income of the banking segment includes interest income and related interest costs from portfolio loans that were purchased from the premium finance segment. For purposes of internal segment profitability analysis, management reviews the results of its premium finance segment as if all loans originated and sold to the banking segment were retained within that segment s operations. Similarly, for purposes of analyzing the contribution from the wealth management segment, management allocates the net interest income earned by the banking segment on deposit balances of customers of the wealth management segment to the wealth management segment. (See Wealth management deposits discussion in Deposits section of this report for more information on these deposits.)

The banking segment s net interest income for the quarter ended June 30, 2008 totaled $58.0 million as compared to $65.0 million for the same period in 2007, a decrease of $7.0 million, or 11%. This decrease primarily resulted from margin compression as certain variable rate retail deposit products were unable to decline at the same magnitude as variable rate earning assets. The Company is making progress in shifting its mix of retail deposits away from certificates of deposit into lower cost, more variable rate NOW, savings, money market and wealth management deposits. The banking segment s non-interest income totaled $23.9 million in the second quarter of 2008, an increase of $12.5 million, or 109%, when compared to the second quarter of 2007 total of $11.4 million. The increase was primarily attributable to fees from covered call options. The banking segment s net income for the quarter ended June 30, 2008 totaled $14.9 million, a decrease of $3.3 million, or 18%, as compared to the second quarter of 2007 total of $18.2 million. On a year-to-date basis, net interest income totaled $118.6 million for the first six months of 2008, a decrease of $9.9 million, or 8%, as compared to the $128.6 million recorded in the first six months last year. This decrease was caused by margin compression. Non-interest income increased 92% to $41.1 million in the first six months of 2008 compared to the first six months of 2007 as a result of fees from covered call options. The banking segment s after-tax profit for the six months ended June 30, 2008, totaled $29.5 million, a decrease of $5.0 million, or 14%, as compared to the prior year total of $34.5 million.

Net interest income for the premium finance segment totaled $16.3 million for the quarter ended June 30, 2008, an increase of $1.8 million, or 12%, compared to the $14.5 million in the same period in 2007. In November 2007, the Company completed the acquisition of Broadway Premium Funding Corporation which is now included in the premium finance segment since the date of acquisition. The premium finance segment s non-interest income totaled $566,000 and $175,000 for the quarters ended June 30, 2008 and 2007, respectively. This increase is due to gains recognized from the sale of premium finance receivables to unrelated third party financial institutions in the second quarter of 2008. There were no sales of premium finance receivables to unrelated third party financial institutions in the second quarter of 2007. Net after-tax profit of the premium finance segment totaled $7.9 million and $4.0 million for the quarters ended June 30, 2008 and 2007, respectively. On a year-to-date basis, net interest income totaled $33.0 million for the first six months of 2008, an increase of $3.6 million, or 12%, as compared to the $29.4 million recorded in the same period last year. Non-interest income increased $1.3 million to $1.7 million in the first six months of 2008 as a result of sales of premium finance receivables to unrelated third party financial institutions. There were no such sales in the first six months of 2007. The premium finance segment s after-tax profit for the six months ended June 30, 2008, totaled $16.3 million, an increase of $4.9 million, or 43%, as compared to the prior year total of $11.4 million.

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The Tricom segment data reflects the business associated with short-term accounts receivable financing and value-added out-sourced administrative services, such as data processing of payrolls, billing and cash management services, which Tricom provides to its clients in the temporary staffing industry. The segment s net interest income was $863,000 in the second quarter of 2008 and $959,000 in the second quarter of 2007. Non-interest income for the second quarter of 2008 was $755,000 compared to $1.0 million in the second quarter of 2007. Revenue trends at Tricom reflect the general staffing trends of the economy and the entrance of new competitors in most market places served by Tricom. The segment s net income was $206,000 in the second quarter of 2008 compared to $353,000 in the prior year quarter. On a year-to-date basis, net interest income totaled $1.7 million for the first six months of 2008 and $1.9 million for the first six months of 2007. Non-interest income decreased $592,000 to $1.5 million in the first six months of 2008 compared to the same period last year. The Tricom segment s after-tax profit for the six months ended June 30, 2008, totaled $348,000 a decrease of $312,000, or 47%, as compared to $660,000 in the first six months of 2007.

The wealth management segment reported net interest income of $4.5 million for the second quarter of 2008 compared to $3.3 million in the same quarter of 2007. Net interest income is comprised of the net interest earned on brokerage customer receivables at WHI and an allocation of the net interest income earned by the banking segment on non-interest bearing and interest-bearing wealth management customer account balances on deposit at the Banks (wealth management deposits). The allocated net interest income included in this segment s profitability was $4.2 million ($2.6 million after tax) in the second quarter of 2008 compared to $2.9 million ($1.8 million after tax) in the second quarter of 2007. The increase in net interest income was primarily a result of the growth in average wealth management deposits. This segment recorded non-interest income of $10.0 million for the second quarter of 2008 compared to $9.7 million for the second quarter of 2007. The wealth management segment s net income totaled $2.9 million for the second quarter of 2008 compared to a net income of $1.8 million for the second quarter of 2007. On a year-to-date basis, net interest income totaled $9.3 million for the first six months of 2008, an increase of $3.0 million or 48%, as compared to the $6.3 million recorded in the same period last year. The allocated net interest income included in this segment s profitability was $8.8 million ($5.4 million after tax) in the first six months of 2008 and $5.7 million ($3.5 million after tax) in the first six months of 2007. Non-interest income increased $614,000 to $19.8 million in the first six months of 2008 compared to the same period last year. This segment s after-tax net income for the six months ended June 30, 2008, totaled $5.6 million, an increase of $2.3 million, or 68%, compared to the same period last year.

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FINANCIAL CONDITION

Total assets were $9.9 billion at June 30, 2008, representing an increase of $574.6 million, or 6% when compared to the $9.3 billion at June 30, 2007 and $190.6 million, or 8% on an annualized basis, when compared to March 31, 2008. The increase in total assets as of June 30, 2008 compared to June 30, 2007 was primarily a result of loan growth. Total funding, which includes deposits, all notes and advances, including the junior subordinated debentures, was $8.9 billion at June 30, 2008 and $8.6 billion at June 30, 2007 and March 31, 2008. See Notes 4-8 of the Financial Statements presented under Item 1 of this report for additional period-end detail on the Company s interest-earning assets and funding liabilities.

Interest-Earning Assets

The following table sets forth, by category, the composition of average earning asset balances and the relative percentage of total average earning assets for the periods presented:

	Three Months Ended					
	June 30, 2008		March 31, 2008		June 30, 2007	
(Dollars in thousands)	**Balance**	**Percent**	Balance	Percent	Balance	Percent
Loans:						
Commercial and commercial real estate	**$ 4,549,505**	**52%**	$ 4,469,377	53%	$ 4,140,605	49%
Home equity	**732,218**	**8**	686,681	8	645,852	8
Residential real estate [(1)]	**357,480**	**4**	329,220	4	360,650	4
Premium finance receivables	**1,131,107**	**13**	1,127,110	13	1,256,560	15
Indirect consumer loans	**224,538**	**3**	237,519	3	247,598	3
Tricom finance receivables	**25,247**		24,749		33,710	
Other loans	**138,222**	**2**	137,986	2	87,537	1
Total loans, net of unearned income	**$ 7,158,317**	**82%**	$ 7,012,642	83%	$ 6,772,512	80%
Liquidity management assets [(2)]	**1,543,795**	**18**	1,391,400	17	1,686,596	20
Other earning assets [(3)]	**22,519**		26,403		25,791	
Total average earning assets	**$ 8,724,631**	**100%**	$ 8,430,445	100%	$ 8,484,899	100%
Total average assets	**$ 9,682,454**		$ 9,373,539		$ 9,395,532	
Total average earning assets to total average assets		**90%**		90%		90%

(1) Residential real estate loans include mortgage loans held-for-sale.

(2) Liquidity management assets include available-for-sale securities, interest

earning deposits with banks, federal funds sold and securities purchased under resale agreements.

(3) *Other earning assets include brokerage customer receivables and trading account securities.*

Total average earning assets for the second quarter of 2008 increased $239.7 million, or 3%, to $8.7 billion, compared to the second quarter of 2007 and $294.2 million, or 14% on an annualized basis, compared to the first quarter of 2008. The ratio of total average earning assets as a percent of total average assets at June 30, 2008 was unchanged from the prior quarter and the second quarter of 2007.

Total average loans during the second quarter of 2008 increased $385.8 million, or 6%, over the previous year second quarter. Commercial and commercial real estate loans, the largest loan category, represented the majority of the increase in loan balances as the Company increased its business development efforts in this area. Partially offsetting these increases were lower average premium finance receivables which resulted from the Company s decision in the fourth quarter of 2007 to reinstate its program of selling premium finance receivables to unrelated third parties. The Company sold $69.5 million of premium finance receivables in the second quarter of 2008 while there were no sales in the same quarter of 2007. Average total loans increased $145.7 million, or 8% on an annualized basis, over the average balance in the first quarter of 2008. The growth of loans from the first quarter of 2008 to the current quarter of 2008 is the result of the Company s continued business development efforts on its core loan portfolio. Home equity loans increased as a result of new originations since the first quarter of 2008.

As discussed in the Overview and Strategy section of this report, subsequent to June 30, 2008, the Company ceased the origination of indirect automobile loans through Hinsdale Bank. Therefore, the balance of indirect consumer loans will continue to decrease in future periods.

Liquidity management assets include available-for-sale securities, interest earning deposits with banks, federal funds sold and securities purchased under resale agreements. The balances of liquidity management assets can fluctuate based on management s ongoing effort to manage liquidity and for asset liability management purposes. Total average liquidity management assets for the second quarter of 2008 decreased $142.8 million, or 8%, and increased $152.4 million, or 44% (annualized), compared to the second quarter of 2007 and the first quarter of 2008, respectively. The decrease in liquidity management assets in June 2008 compared to June 2007 is primarily related to the maturity of Federal Home Loan Bank bonds during 2007.

Other earning assets in the table include brokerage customer receivables and trading account securities at WHI. In the normal course of business, WHI activities involve the execution, settlement, and financing of various securities transactions. WHI s customer securities activities are transacted on either a cash or margin basis. In margin transactions, WHI, under an agreement with the out-sourced securities firm, extends credit to its customers, subject to various regulatory and internal margin requirements, collateralized by cash and securities in customer s accounts. In connection with these activities, WHI executes and the out-sourced firm clears customer transactions relating to the sale of securities not yet purchased, substantially all of which are transacted on a margin basis subject to individual exchange regulations. Such transactions may expose WHI to off-balance-sheet risk, particularly in volatile trading markets, in the event margin requirements are not sufficient to fully cover losses that customers may incur. In the event a customer fails to satisfy its obligations, WHI under an agreement with the outsourced securities firm, may be required to purchase or sell financial instruments at prevailing market prices to fulfill the customer s obligations. WHI seeks to control the risks associated with its customers activities by requiring customers to maintain margin collateral in compliance with various regulatory and internal guidelines. WHI monitors required margin levels daily and, pursuant to such guidelines, requires customers to deposit additional collateral or to reduce positions when necessary.

	Average Balances for the Six Months Ended			
	June 30, 2008		June 30, 2007	
(Dollars in thousands)	**Balance**	**Percent**	Balance	Percent
Loans:				
Commercial and commercial real estate	**$ 4,509,441**	**53%**	$ 4,099,593	48%
Home equity	**709,449**	**8**	650,783	8
Residential real estate [(1)]	**343,380**	**4**	340,924	4
Premium finance receivables	**1,127,792**	**13**	1,230,876	14
Indirect consumer loans	**231,029**	**3**	247,499	3
Tricom finance receivables	**24,998**		35,570	1
Other loans	**138,100**	**2**	91,444	1
Total loans, net of unearned income	**7,084,189**	**83**	6,696,689	79
Liquidity management assets [(2)]	**1,467,768**	**17**	1,799,433	21
Other earning assets [(3)]	**24,461**		25,593	
Total average earning assets	**$ 8,576,418**	**100%**	$ 8,521,715	100%
Total average assets	**$ 9,526,832**		$ 9,423,975	
Total average earning assets to total average assets		**90%**		90%

(1) Residential real estate loans include mortgage loans held-for-sale.

(2) Liquidity management assets include available-for-sale securities, interest earning deposits with banks, federal funds sold and securities purchased under resale agreements.

(3) Other earning assets include brokerage customer receivables and trading account securities.

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Average earning assets for the six months ended June 30, 2008 increased $54.7 million, or 1%, over the first six months of 2007. The ratio of total average earning assets as a percent of total average assets for the six months ended June 30, 2008 was unchanged from the prior year period. Total average loans increased by $387.5 million, or 6%, in the first six months of 2008 compared to the same period of 2007. The growth of loans in 2008 is the result of the Company s continued business development efforts on its core loan portfolio. Commercial and commercial real estate loans, the largest loan category, represented the majority of the increase in loan balances as the Company increased its business development efforts in this area. The increase in loans was partially offset by a decrease in liquidity management assets.

Deposits

Total deposits at June 30, 2008, were $7.8 billion and increased $211.8 million, or 3%, compared to total deposits at June 30, 2007 See Note 6 to the financial statements of Item 1 of this report for a summary of period end deposit balances.

The following table sets forth, by category, the composition of average deposit balances and the relative percentage of total average deposits for the periods presented:

	Three Months Ended					
	June 30, 2008		March 31, 2008		June 30, 2007	
(Dollars in thousands)	**Balance**	**Percent**	Balance	Percent	Balance	Percent
Non-interest bearing	**$ 663,526**	**9%**	$ 642,917	9%	$ 646,278	9%
NOW accounts	**1,043,670**	**14**	977,905	13	933,386	12
Wealth management deposits	**623,805**	**8**	642,126	9	530,630	7
Money market accounts	**843,724**	**11**	753,399	10	703,819	9
Savings accounts	**326,630**	**4**	307,091	4	308,321	4
Time certificates of deposit	**4,068,608**	**54**	4,067,459	55	4,419,962	59
Total average deposits	**$ 7,569,963**	**100%**	$ 7,390,897	100%	$ 7,542,396	100%

Total average deposits for the second quarter of 2008 were $7.6 billion, an increase of $27.6 million, or 0.4%, from the second quarter of 2007. Total average deposits for the second quarter of 2008 increased $179.1 million, or 10% on an annualized basis, from the first quarter of 2008 as a result of marketing efforts at the Banks to support loan growth. Total time certificates of deposit represented 54% of total average deposits in the second quarter of 2008, compared to 55% in the first quarter of 2008 and 59% in the second quarter of 2007.

Wealth management deposits represent FDIC-insured deposits (primarily money market accounts) at the Banks from customers of the Company s wealth management subsidiaries. Consistent with reasonable interest rate risk parameters, the funds have generally been invested in loan production of the Banks as well as other investments suitable for banks.

Other Funding Sources

Although deposits are the Company s primary source of funding its interest-earning assets, the Company s ability to manage the types and terms of deposits is somewhat limited by customer preferences and market competition. As a result, in addition to deposits and the issuance of equity securities, as well as the retention of earnings, the Company uses several other funding sources to support its growth. These sources include short-term borrowings, notes payable, Federal Home Loan Bank advances, subordinated debt and junior subordinated debentures. The Company evaluates the terms and unique characteristics of each source, as well as its asset-liability management position, in determining the use of such funding sources.

Average total interest-bearing funding, from sources other than deposits and including junior subordinated debentures, totaled $1.2 billion in the second quarter of 2008, an increase of approximately $152.9 million compared to the second quarter of 2007 average balance of $1.0 billion.

The following table sets forth, by category, the composition of average other funding sources for the periods presented:

	Three Months Ended		
(Dollars in thousands)	**June 30, 2008**	March 31, 2008	June 30, 2007
Notes payable	**$ 63,468**	$ 63,155	$ 52,480
Federal Home Loan Bank advances	**437,642**	426,911	400,918
Other borrowings:			
Federal funds purchased	**15,767**	7,994	45,371
Securities sold under repurchase agreements and other	**359,895**	260,870	224,960
Total other borrowings	**375,662**	268,864	270,331
Subordinated notes	**75,000**	75,000	75,000
Junior subordinated debentures	**249,594**	249,635	249,760
Total other funding sources	**$ 1,201,366**	$ 1,083,565	$ 1,048,489

Notes payable balances represent the balances on a credit agreement with an unaffiliated bank. This credit facility is available for corporate purposes such as to provide capital to fund growth at existing bank subsidiaries, possible future acquisitions and for other general corporate matters.

FHLB advances provide the Banks with access to fixed rate funds which are useful in mitigating interest rate risk and achieving an acceptable interest rate spread on fixed rate loans or securities.

Securities sold under repurchase agreements represent sweep accounts for certain customers in connection with master repurchase agreements at the Banks and short-term borrowings from brokers. This funding category fluctuates based on customer preferences and daily liquidity needs of the Banks, their customers and the Banks operating subsidiaries.

The Company borrowed $75.0 million under three separate $25 million subordinated note agreements. Each subordinated note requires annual principal payments of $5.0 million beginning in the sixth year of the note and has terms of ten years with final maturity dates in 2012, 2013 and 2015. The first $5.0 million payment is due in the fourth quarter of 2008. These notes qualify as Tier II regulatory capital.

Junior subordinated debentures were issued to nine trusts by the Company and equal the amount of the preferred and common securities issued by the trusts. Junior subordinated debentures, subject to certain limitations, currently qualify as Tier I regulatory capital. Interest expense on these debentures is deductible for tax purposes, resulting in a cost-efficient form of regulatory capital.

See Notes 7 and 8 of the Financial Statements presented under Item 1 of this report for details of period end balances and other information for these various funding sources. There were no material changes outside the ordinary course of business in the Company s contractual obligations during the second quarter of 2008 as compared to December 31,

2007.

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Shareholders Equity

Total shareholders equity was $749.0 million at June 30, 2008, reflecting an increase of $28.4 million since June 30, 2007 and $9.5 million since the end of 2007. The increase from December 31, 2007, was the result of the retention of approximately $16.8 million of earnings (net income of $21.0 million less dividends of $4.2 million), a $3.5 million increase from the issuance of shares of the Company s common stock (and related tax benefit) pursuant to various stock compensation plans and $4.9 million credited to surplus for stock-based compensation costs, partially offset by a $14.6 million increase in unrealized net losses from available-for-sale securities and the mark-to-market adjustment on cash flow hedges, net of tax, and a $992,000 cumulative effect adjustment to retained earnings from the adoption of a new accounting standard. See Note 2 of the Financial Statements presented under Item 1 of this report for details on new accounting standards.

The following tables reflect various consolidated measures of capital as of the dates presented and the capital guidelines established by the Federal Reserve Bank for a bank holding company:

	June 30, 2008	March 31, 2008	June 30, 2007
Leverage ratio	**7.8%**	7.9%	7.9%
Tier 1 capital to risk-weighted assets	**8.7**	8.9	9.2
Total capital to risk-weighted assets	**10.2**	10.4	10.8
Total average equity-to-total average assets *	**7.9**	7.9	7.7

* *based on quarterly average balances*

	Minimum Capital Requirements	Adequately Capitalized	Well Capitalized
Leverage ratio	4.0%	4.0%	5.0%
Tier 1capital to risk-weighted assets	4.0	4.0	6.0
Total capital to risk-weighted assets	8.0	8.0	10.0

The Company attempts to maintain an efficient capital structure in order to provide higher returns on equity. Additional capital is required from time to time, however, to support the growth of the organization. The Company s principal sources of funds at the holding company level are dividends from its subsidiaries, borrowings under its loan agreement with an unaffiliated bank and proceeds from the issuance of subordinated debt, junior subordinated debentures and additional equity. Refer to Notes 7 and 8 of the Financial Statements presented under Item 1 of this report for further information on these various funding sources. The issuances of subordinated debt, junior subordinated debentures, preferred stock and additional common stock are the primary forms of regulatory capital that are considered as the Company evaluates its capital position. Management is committed to maintaining the Company s capital levels above the Well Capitalized levels established by the Federal Reserve for bank holding companies.

In January and July 2008, Wintrust declared a semi-annual cash dividend of $0.18 per common share. In January and July 2007, Wintrust declared semi-annual cash dividends of $0.16 per common share. The dividend payout ratio (annualized) was 20.6% for the first six months of 2008 and 13.4% for the first six months of 2007.

In July 2006, the Company s Board of Directors authorized the repurchase of up to 2.0 million shares of the Company s outstanding common stock over 18 months. Through April 2007, the Company repurchased a total of approximately 1.8 million shares at an average price of $45.74 per share under the July 2006 share repurchase plan. In April 2007, the Company s Board of Directors terminated the July 2006 authorization and authorized the repurchase of up to an additional 1.0 million shares of the Company s outstanding common stock over 12 months. The Company began to

repurchase shares under this authorization in July 2007 and repurchased all 1.0 million shares at an average price of $37.57 per share during the third and fourth quarters of 2007. In January 2008, the Company s Board of Directors authorized the repurchase of up to an additional 1.0 million shares of the Company s outstanding common stock over the next 12 months. No shares have been repurchased under the January 2008 share repurchase plan.

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ASSET QUALITY

Allowance for Credit Losses

The following table presents a summary of the activity in the allowance for credit losses for the periods presented:

	Three Months Ended		Six Months Ended	
(Dollars in thousands)	**June 30, 2008**	June 30, 2007	**June 30, 2008**	June 30, 2007
Allowance for loan losses at beginning of period	**$ 53,758**	$ 46,526	$ **50,389**	$ 46,055
Provision for credit losses	**10,301**	2,490	**18,856**	4,297
Charge-offs:				
Commercial and commercial real estate loans	**5,430**	1,743	**9,387**	2,690
Home equity loans	**25**	82	**25**	133
Residential real estate loans		147	**219**	147
Consumer and other loans	**150**	165	**219**	398
Premium finance receivables	**913**	610	**1,796**	1,135
Indirect consumer loans	**271**	181	**529**	280
Tricom finance receivables	**52**	25	**77**	50
Total charge-offs	**6,841**	2,953	**12,252**	4,833
Recoveries:				
Commercial and commercial real estate loans	**29**	1,073	**69**	1,416
Home equity loans		42		60
Residential real estate loans				
Consumer and other loans	**52**	34	**64**	63
Premium finance receivables	**273**	133	**400**	251
Indirect consumer loans	**61**	44	**107**	80
Tricom finance receivables		3		3
Total recoveries	**415**	1,329	**640**	1,873
Net charge-offs	**(6,426)**	(1,624)	**(11,612)**	(2,960)
Allowance for loan losses at period-end	**$ 57,633**	$ 47,392	**$ 57,633**	$ 47,392
Allowance for lending-related commitments at period-end	**$ 493**	$ 457	**$ 493**	$ 457
Allowance for credit losses at period-end	**$ 58,126**	$ 47,849	**$ 58,126**	$ 47,849

Annualized net charge-offs by category as a percentage of its own respective category s average:

Commercial and commercial real estate loans	**0.48%**	0.07%	**0.42%**	0.06%
Home equity loans	**0.01**	0.02	**0.01**	0.02
Residential real estate loans		0.16	**0.13**	0.09
Consumer and other loans	**0.29**	0.60	**0.23**	0.74
Premium finance receivables	**0.23**	0.15	**0.25**	0.14
Indirect consumer loans	**0.38**	0.22	**0.37**	0.16
Tricom finance receivables	**0.82**	0.27	**0.62**	0.27
Total loans, net of unearned income	**0.36%**	0.10%	**0.33%**	0.09%
Net charge-offs as a percentage of the provision for credit losses	**62.38%**	65.25%	**61.58%**	68.91%
Loans at period-end			**$ 7,153,603**	$ 6,720,960
Allowance for loan losses as a percentage of loans at period-end			**0.81**	0.71%
Allowance for credit losses as a percentage of loans at period-end			**0.81**	0.71%

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Management believes that the loan portfolio is well diversified and well secured, without undue concentration in any specific risk area. Loan quality is continually monitored by management and is reviewed by the Banks Boards of Directors and their Credit Committees on a monthly basis. Independent external reviews of the loan portfolio are provided by the examinations conducted by regulatory authorities and an independent loan review performed by an entity engaged by the Board of Directors. The amount of additions to the allowance for loan losses, which is charged to earnings through the provision for credit losses, is determined based on management s assessment of the adequacy of the allowance for loan losses. Management evaluates on at least a quarterly basis a variety of factors, including actual charge-offs during the year, historical loss experience, delinquent and other potential problem loans, and economic conditions and trends in the market area in assessing the adequacy of the allowance for loan losses.

As discussed in the Critical Accounting Policies section of this report, in the second quarter of 2008, the Company began allocating the allowance for loan losses to loan portfolio groups based on loan collateral and credit risk rating. The Company maintains its allowance for loan losses at a level believed adequate by management to absorb probable losses inherent in the loan portfolio and is based on the size and current risk characteristics of the loan portfolio, an assessment of internal problem loan identification system (Problem Loan Report) loans and actual loss experience, changes in the composition of the loan portfolio, historical loss experience, changes in lending policies and procedures, including underwriting standards and collections, charge-off, and recovery practices, changes in experience, ability and depth of lending management and staff, changes in national and local economic and business conditions and developments, including the condition of various market segments and changes in the volume and severity of past due and classified loans and trends in the volume of non-accrual loans, troubled debt restructurings and other loan modifications. The allowance for loan losses also includes an element for estimated probable but undetected losses and for imprecision in the credit risk models used to calculate the allowance. The Company reviews Problem Loan Report loans on a case-by-case basis to allocate a specific dollar amount of reserves, whereas all other loans are reserved for based on loan collateral and assigned credit risk rating reserve percentages. Determination of the allowance is inherently subjective as it requires significant estimates, including the amounts and timing of expected future cash flows on impaired loans, estimated losses on pools of homogeneous loans based on historical loss experience, and consideration of current environmental factors and economic trends, all of which may be susceptible to significant change. The Company also maintains an allowance for lending-related commitments which relates to certain amounts that the Company is committed to lend but for which funds have not yet been disbursed and is computed using a methodology similar to that used to determine the allowance for loan losses. Loan losses are charged off against the allowance, while recoveries are credited to the allowance. A provision for credit losses is charged to operations based on management s periodic evaluation of the factors previously mentioned, as well as other pertinent factors. Evaluations are conducted at least quarterly and more frequently if deemed necessary.

The provision for credit losses totaled $10.3 million for the second quarter of 2008 and $2.5 million for the second quarter of 2007. For the quarter ended June 30, 2008, net charge-offs totaled $6.4 million, an increase from the $1.6 million of net charge-offs recorded in the same period of 2007. On a ratio basis, annualized net charge-offs as a percentage of average loans were 0.36% in the second quarter of 2008 and 0.10% in the second quarter of 2007.

On a year-to-date basis, the provision for credit losses totaled $18.9 million for the first half of 2008 and $4.3 million for the first six months of 2007. Net charge-offs totaled $11.6 million, an increase from the $3.0 million of net charge-offs recorded in the same period of 2007. On a ratio basis, annualized net charge-offs as a percentage of average loans were 0.33% in the first six months of 2008 and 0.09% in the first six months of 2007.

Management believes the allowance for loan losses is adequate to provide for inherent losses in the portfolio. There can be no assurances however, that future losses will not exceed the amounts provided for, thereby affecting future results of operations. The amount of future additions to the allowance for loan losses will be dependent upon management s assessment of the adequacy of the allowance based on its evaluation of economic conditions, changes in real estate values, interest rates, the regulatory environment, the level of past-due and non-performing loans, and other factors.

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Past Due Loans and Non-performing Assets

The following table sets forth Wintrust s non-performing assets at the dates indicated. The information in the table should be read in conjunction with the detailed discussion following the table.

(Dollars in thousands)	**June 30, 2008**	March 31, 2008	December 31, 2007	June 30, 2007
Loans past due greater than 90 days and still accruing:				
Residential real estate and home equity [(1)]	**$ 200**	$ 387	$ 51	$ 755
Commercial, consumer and other	**2,259**	8,557	14,742	279
Premium finance receivables	**5,180**	8,133	8,703	5,162
Indirect consumer loans	**471**	635	517	176
Tricom finance receivables				
Total past due greater than 90 days and still accruing	**8,110**	17,712	24,013	6,372
Non-accrual loans:				
Residential real estate and home equity [(1)]	**3,384**	3,655	3,215	5,712
Commercial, consumer and other	**61,878**	51,184	33,267	12,558
Premium finance receivables	**13,005**	13,542	10,725	9,406
Indirect consumer loans	**389**	399	560	500
Tricom finance receivables	**40**	49	74	274
Total non-accrual	**78,696**	68,829	47,841	28,450
Total non-performing loans:				
Residential real estate and home equity [(1)]	**3,584**	4,042	3,266	6,467
Commercial, consumer and other	**64,137**	59,741	48,009	12,837
Premium finance receivables	**18,185**	21,675	19,428	14,568
Indirect consumer loans	**860**	1,034	1,077	676
Tricom finance receivables	**40**	49	74	274
Total non-performing loans	**86,806**	86,541	71,854	34,822
Other real estate owned	**9,233**	4,873	3,858	1,504
Total non-performing assets	**$ 96,039**	$ 91,414	$ 75,712	$ 36,326
Total non-performing loans by category as a percent of its own respective category s period end balance:				
Residential real estate and home equity [(1)]	**0.35%**	0.44%	0.36%	0.75%
Commercial, consumer and other	**1.35**	1.28	1.06	0.30
Premium finance receivables	**1.59**	2.13	1.80	1.12

Indirect consumer loans	**0.39**	0.45	0.45	0.27
Tricom finance receivables	**0.18**	0.21	0.27	0.80
Total non-performing loans	**1.21%**	1.26%	1.06%	0.52%
Total non-performing assets as a percentage of total assets	**0.97%**	0.94%	0.81%	0.39%
Allowance for loan losses as a percentage of non-performing loans	**66.39%**	62.12%	70.13%	136.10%

(1) *Nonaccrual and past due greater than 90 days and still accruing residential mortgage loans held for sale accounted for at lower of cost or market are excluded from the non-performing balances above. These balances totaled approximately $200,000 as of June 30, 2008, $2.1 million as of March 31, 2008 and $2.0 million as of December 31, 2007. Residential mortgage loans held for sale are accounted for at lower of aggregate cost or fair value, with valuation changes included as adjustments to*

non-interest income.

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Non-performing Residential Real Estate and Home Equity
The non-performing residential real estate and home equity loans totaled $3.6 million as of June 30, 2008 compared to $3.3 million at December 31, 2007 and $6.5 million as of June 30, 2007. The June 30, 2008 non-performing balance is comprised of $2.6 million of residential real estate loans (10 individual credits) and $997,000 of home equity loans (10 individual credits). The average balance of loans in this category is approximately $180,000. On average, this is less than two non-performing residential real estate and home equity loans per chartered bank within the Company. The Company believes control and collection of these loans are very manageable. Management does not expect any material losses from the resolution of any of the credits in this category.
Non-performing Commercial, Consumer and Other
The commercial, consumer and other non-performing loan category totaled $64.1 million as of June 30, 2008 compared to $48.0 million as of December 31, 2007 and $12.8 million as of June 30, 2007.
Management is pursuing the resolution of all credits in this category. However, given the current state of the residential real estate market, resolution of certain credits could span a lengthy period of time until market conditions stabilize. Management also believes reserves are adequate to absorb potential losses that may occur upon the ultimate resolution of these credits.
Non-performing Loan Composition
The $67.7 million of non-performing assets classified as residential real estate and home equity, commercial, consumer, and other consumer ($64.1 million of commercial, consumer and other loans and $3.6 million of residential and home equity loans) consist of $26.2 million of residential real estate construction and land development related loans, $6.6 million of commercial related loans, $11.5 million of commercial real estate related loans, $16.5 million of commercial real estate construction and land development related loans, $6.8 million of residential real estate and home equity related loans and $209,000 of consumer related loans. Seven of these relationships exceed $2.5 million in outstanding balances, approximating $48.9 million in total outstanding balances.
Non-performing Premium Finance Receivables
The following table presents the level of non-performing premium finance receivables as of the dates indicated, and the amount of net charge-offs for the quarterly periods then ended.

(Dollars in thousands)	**June 30, 2008**	March 31, 2008	December 31, 2007	June 30, 2007
Non-performing premium finance receivables	$ **18,185**	$ 21,675	$ 19,428	$ 14,568
- as a percent of premium finance receivables outstanding	**1.59%**	2.13%	1.80%	1.12%
Net charge-offs of premium finance receivables	$ **640**	$ 755	$ 517	$ 477
- annualized as a percent of average premium finance receivables	**0.23%**	0.27%	0.16%	0.15%

The level of non-performing premium finance receivables as a percent of total premium finance receivables at June 30, 2008 is higher than the level reported at June 30, 2007 and lower than the level reported at March 31, 2008 and December 31, 2007. As noted below, fluctuations in this category may occur due to timing and nature of account collections from insurance carriers. Management is comfortable with administering the collections at this level of non-performing premium finance receivables and expects that such ratios will remain at relatively low levels.
The ratio of non-performing premium finance receivables fluctuates throughout the year due to the nature and timing of canceled account collections from insurance carriers. Due to the nature of collateral for premium finance receivables it customarily takes 60-150 days to convert the collateral into cash collections. Accordingly, the level of non-performing premium finance receivables is not necessarily indicative of the loss inherent in the portfolio. In the event of default, Wintrust has the power to cancel the insurance policy and collect the unearned portion of the premium from the insurance carrier. In the event of cancellation, the cash returned in payment of the unearned

premium by the insurer should generally be sufficient to cover the receivable balance, the interest and other charges due. Due to notification requirements and processing time by most insurance carriers, many receivables will become delinquent beyond 90 days while the insurer is processing the return of the unearned premium. Management continues to accrue interest until maturity as the unearned premium is ordinarily sufficient to pay-off the outstanding balance and contractual interest due.

Non-performing Indirect Consumer Loans

Total non-performing indirect consumer loans were $860,000 at June 30, 2008, compared to $1.1 million at December 31, 2007 and $676,000 at June 30, 2007. The ratio of these non-performing loans to total indirect consumer loans was 0.39% at June 30, 2008 compared to 0.45% at December 31, 2007 and 0.27% at June 30, 2007. As noted in the Allowance for Credit Losses table, net charge-offs (annualized) as a percent of total indirect consumer loans were 0.38% for the quarter ended June 30, 2008 compared to 0.22% in the same period in 2007. The level of non-performing and net charge-offs of indirect consumer loans continue to be below standard industry ratios for this type of lending.

As discussed in the Overview and Strategy section of this report, subsequent to June 30, 2008, the Company ceased the origination of indirect automobile loans through Hinsdale Bank. The Company will continue to service its existing portfolio during the duration of the credits and does not anticipate any change in historical credit trends for this niche business given this decision.

Credit Quality Review Procedures

The Company utilizes a loan rating system to assign risk to loans and utilizes that risk rating system to assist in identifying Problem Loan Report loans as a means of reporting non-performing and potential problem loans. At each scheduled meeting of the Boards of Directors of the Banks and the Wintrust Risk Management Committee, a Problem Loan Report is presented, showing all loans that are non-performing and loans that may warrant additional monitoring. Accordingly, in addition to those loans disclosed under Past Due Loans and Non-performing Assets, there are certain loans in the portfolio which management has identified, through its Problem Loan Report, which exhibit a higher than normal credit risk. These Problem Loan Report credits are reviewed individually by management to determine whether any specific reserve amount should be allocated to each respective credit. However, these loans are still performing and, accordingly, are not included in non-performing loans. Management s philosophy is to be proactive and conservative in assigning risk ratings to loans and identifying loans to be on the Problem Loan Report. The principal amount of loans on the Company s Problem Loan Report (exclusive of those loans reported as non-performing) as of June 30, 2008, March 31, 2008, and June 30, 2007 totaled $168.6 million, $157.6 million and $120.9 million, respectively. The increase from June 30, 2007 and March 31, 2008 to June 30, 2008 is primarily a result of Problem Loan Report credits in the commercial and commercial real estate category. These loans are performing and, accordingly, management does not have serious doubts as to the ability of such borrowers to comply with the present loan repayment terms.

LIQUIDITY

Wintrust manages the liquidity position of its banking operations to ensure that sufficient funds are available to meet customers needs for loans and deposit withdrawals. The liquidity to meet these demands is provided by maturing assets, liquid assets that can be converted to cash and the ability to attract funds from external sources. Liquid assets refer to money market assets such as Federal funds sold and interest bearing deposits with banks, as well as available-for-sale debt securities which are not pledged to secure public funds.

Please refer to the Interest-Earning Assets, Deposits, Other Funding Sources and Shareholders Equity discussions of this report for additional information regarding the Company s liquidity position.

INFLATION

A banking organization s assets and liabilities are primarily monetary. Changes in the rate of inflation do not have as great an impact on the financial condition of a bank as do changes in interest rates. Moreover, interest rates do not necessarily change at the same percentage as inflation. Accordingly, changes in inflation are not expected to have a material impact on the Company. An analysis of the Company s asset and liability structure provides the best indication of how the organization is positioned to respond to changing interest rates. See Quantitative and Qualitative Disclosures About Market Risks section of this report for additional information.

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FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements within the meaning of federal securities laws. Forward-looking information in this document can be identified through the use of words such as may, will, intend, plan, pro expect, anticipate, should, would, believe, estimate, contemplate, possible, and point. Forward-look information are not historical facts, are premised on many factors, and represent only management s expectations, estimates and projections regarding future events. Similarly, these statements are not guarantees of future performance and involve certain risks and uncertainties that are difficult to predict, which may include, but are not limited to, those listed below and the Risk Factors discussed in Item 1A on page 115 of the Company s 2007 Annual Report. The Company intends such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995, and is including this statement for purposes of invoking these safe harbor provisions. Such forward-looking statements may be deemed to include, among other things, statements relating to the Company s projected growth, anticipated improvements in earnings, earnings per share and other financial performance measures, and management s long-term performance goals, as well as statements relating to the anticipated effects on financial results of condition from expected developments or events, the Company s business and growth strategies, including anticipated internal growth, plans to form additional *de novo* banks and to open new branch offices, and to pursue additional potential development or acquisitions of banks, wealth management entities or specialty finance businesses. Actual results could differ materially from those addressed in the forward-looking statements as a result of numerous factors, including the following:

Competitive pressures in the financial services business which may affect the pricing of the Company s loan and deposit products as well as its services (including wealth management services).

Changes in the interest rate environment, which may influence, among other things, the growth of loans and deposits, the quality of the Company s loan portfolio, the pricing of loans and deposits and net interest income.

The extent of defaults and losses on our loan portfolio.

Unexpected difficulties or unanticipated developments related to the Company s strategy of *de novo* bank formations and openings. *De novo* banks typically require 13 to 24 months of operations before becoming profitable, due to the impact of organizational and overhead expenses, the startup phase of generating deposits and the time lag typically involved in redeploying deposits into attractively priced loans and other higher yielding earning assets.

The ability of the Company to obtain liquidity and income from the sale of premium finance receivables in the future and the unique collection and delinquency risks associated with such loans.

Failure to identify and complete acquisitions in the future or unexpected difficulties or unanticipated developments related to the integration of acquired entities with the Company.

Legislative or regulatory changes or actions, or significant litigation involving the Company.

Changes in general economic conditions in the markets in which the Company operates.

The ability of the Company to receive dividends from its subsidiaries.

The loss of customers as a result of technological changes allowing consumers to complete their financial transactions without the use of a bank.

The ability of the Company to attract and retain senior management experienced in the banking and financial services industries.

Therefore, there can be no assurances that future actual results will correspond to these forward-looking statements. The reader is cautioned not to place undue reliance on any forward-looking statement made by or on behalf of Wintrust. Any such statement speaks only as of the date the statement was made or as of such date that may be referenced within the statement. Wintrust does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Persons are advised, however, to consult any further disclosures management makes on related subjects in its reports filed with the SEC and in its press releases.

ITEM 3
QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

As an ongoing part of its financial strategy, the Company attempts to manage the impact of fluctuations in market interest rates on net interest income. This effort entails providing a reasonable balance between interest rate risk, credit risk, liquidity risk and maintenance of yield. Asset-liability management policies are established and monitored by management in conjunction with the boards of directors of the Banks, subject to general oversight by the Risk Management Committee of the Company s Board of Directors. The policies establish guidelines for acceptable limits on the sensitivity of the market value of assets and liabilities to changes in interest rates.

Interest rate risk arises when the maturity or repricing periods and interest rate indices of the interest earning assets, interest bearing liabilities, and derivative financial instruments are different. It is the risk that changes in the level of market interest rates will result in disproportionate changes in the value of, and the net earnings generated from, the Company s interest earning assets, interest bearing liabilities and derivative financial instruments. The Company continuously monitors not only the organization s current net interest margin, but also the historical trends of these margins. In addition, management attempts to identify potential adverse changes in net interest income in future years as a result interest rate fluctuations by performing simulation analysis of various interest rate environments. If a potential adverse change in net interest margin and/or net income is identified, management would take appropriate actions with its asset-liability structure to mitigate these potentially adverse situations. Please refer to Item 2 Management s Discussion and Analysis of Financial Condition and Results of Operations for further discussion of the net interest margin.

Since the Company s primary source of interest bearing liabilities is from customer deposits, the Company s ability to manage the types and terms of such deposits may be somewhat limited by customer preferences and local competition in the market areas in which the Banks operate. The rates, terms and interest rate indices of the Company s interest earning assets result primarily from the Company s strategy of investing in loans and securities that permit the Company to limit its exposure to interest rate risk, together with credit risk, while at the same time achieving an acceptable interest rate spread.

The Company s exposure to interest rate risk is reviewed on a regular basis by management and the Risk Management Committees of the boards of directors of the Banks and the Company. The objective is to measure the effect on net income and to adjust balance sheet and derivative financial instruments to minimize the inherent risk while at the same time maximize net interest income. Tools used by management include a standard gap analysis and a rate simulation model whereby changes in net interest income are measured in the event of various changes in interest rate indices. An institution with more assets than liabilities repricing over a given time frame is considered asset sensitive and will generally benefit from rising rates, and conversely, a higher level of repricing liabilities versus assets would generally be beneficial in a declining rate environment.

Standard gap analysis reflects contractual repricing information for assets, liabilities and derivative financial instruments. While the gap position and related ratios illustrated in the following table are useful tools that management can use to assess the general positioning of the Company s and its subsidiaries balance sheets, it is only as of a point in time and static in nature. The following table illustrates the Company s estimated interest rate sensitivity and periodic and cumulative gap positions based on contractual repricing and maturities as of June 30, 2008:

	Time to Maturity or Repricing				
(Dollars in thousands)	0-90 Days	91-365 Days	1-5 Years	Over 5 Years	Total
Assets:					
Federal funds sold and securities purchased under resale agreements	$ 73,311				73,311
Interest-bearing deposits with banks	6,438				6,438
Available-for-sale securities	322,285	195,900	387,626	684,837	1,590,648
Total liquidity management assets	402,034	195,900	387,626	684,837	1,670,397
Loans, net of unearned income [(1)]	4,148,807	1,534,733	1,416,725	171,717	7,271,982
Other earning assets	21,538				21,538
Total earning assets	4,572,379	1,730,633	1,804,351	856,554	8,963,917
Other non-earning assets				959,160	959,160
Total assets (RSA)	$ 4,572,379	1,730,633	1,804,351	1,815,714	9,923,077
Liabilities and Shareholders Equity:					
Interest-bearing deposits [(2)]	$ 4,278,464	1,855,012	937,711	1,668	7,072,855
Federal Home Loan Bank advances	80,983	113,000	245,000		438,983
Notes payable and other borrowings	424,984				424,984
Subordinated notes	75,000				75,000
Junior subordinated debentures	198,032		51,547		249,579
Total interest-bearing liabilities	5,057,463	1,968,012	1,234,258	1,668	8,261,401
Demand deposits				688,512	688,512
Other liabilities				224,139	224,139
Shareholders equity				749,025	749,025
Effect of derivative financial instruments: [(3)]					
Interest rate swaps (Company pays fixed, receives floating)	(175,000)		85,000	90,000	
Interest rate swap (Company pays floating, receives fixed)					
Total liabilities and shareholders equity including	$ 4,882,463	1,968,012	1,319,258	1,753,344	9,923,077

effect of derivative financial instruments (RSL)				
Repricing gap (RSA RSL)	$ (310,084)	(237,379)	485,093	62,370
Cumulative repricing gap	$ (310,084)	(547,463)	(62,370)	
Cumulative RSA/Cumulative RSL	94%	92%	99%	
Cumulative RSA/Total assets	46%	64%	82%	
Cumulative RSL/Total assets	49%	69%	82%	
Cumulative GAP/Total assets	(3)%	(6)%	(1)%	
Cumulative GAP/Cumulative RSA	(7)%	(9)%	(1)%	

(1) *Loans, net of unearned income, include mortgage loans held-for-sale and nonaccrual loans.*

(2) *Non-contractual interest-bearing deposits are subject to immediate withdrawal and, therefore, are included in 0-90 days.*

(3) *Excludes interest rate swaps to qualified commercial customers as they are offset with interest rate swaps entered into with third parties and have no effect on the Company s interest rate sensitivity. See Note 10 of the Consolidated Financial Statements for*

further discussion of these interest rate swaps.

As seen in the table, the Company s gap analysis as of June 30, 2008, reflects that the Company is in a negative gap position. The Company s funding sources and deposit mix, and the inability to have negative interest rates can create undue margin compression even for liability sensitive institutions operating in a low interest rate environment.

As a result of the static position and inherent limitations of gap analysis, management uses additional measurement tools to evaluate its asset-liability sensitivity that determines exposure to changes in interest rates by measuring the percentage change in net interest income due to changes in interest rates over a one-year time horizon. Management measures its exposure to changes in interest rates using many different interest rate scenarios. One interest rate scenario utilized is to measure the percentage change in net interest income assuming a ramped increase and decrease of 100 and 200 basis points that occurs in equal steps over a twelve-month time horizon. Utilizing this measurement concept, the interest rate risk of the Company, expressed as a percentage change in net interest income over a one-year time horizon due to changes in interest rates, at June 30, 2008, December 31, 2007 and June 30, 2007, is as follows:

	+ 200 Basis Points	+ 100 Basis Points	- 100 Basis Points	- 200 Basis Points
Percentage change in net interest income due to a ramped 100 and 200 basis point shift in the yield curve:				
June 30, 2008	**5.8%**	**2.9%**	**(2.7)%**	**(5.5)%**
December 31, 2007	6.1%	3.1%	(2.9)%	(6.3)%
June 30, 2007	4.9%	2.4%	(2.5)%	(5.2)%

This simulation analysis is based upon actual cash flows and repricing characteristics for balance sheet instruments and incorporates management s projections of the future volume and pricing of each of the product lines offered by the Company as well as other pertinent assumptions. Actual results may differ from these simulated results due to timing, magnitude, and frequency of interest rate changes as well as changes in market conditions and management strategies.

One method utilized by financial institutions to manage interest rate risk is to enter into derivative financial instruments. A derivative financial instrument includes interest rate swaps, interest rate caps and floors, futures, forwards, option contracts and other financial instruments with similar characteristics. Additionally, the Company enters into commitments to fund certain mortgage loans (interest rate locks) to be sold into the secondary market and forward commitments for the future delivery of mortgage loans to third party investors. See Note 10 of the Financial Statements presented under Item 1 of this report for further information on the Company s derivative financial instruments.

During the first six months of 2008, the Company also entered into certain covered call option transactions related to certain securities held by the Company. The Company uses these option transactions (rather than entering into other derivative interest rate contracts, such as interest rate floors) to increase the total return associated with the related securities. Although the revenue received from these options is recorded as non-interest income rather than interest income, the increased return attributable to the related securities from these options contributes to the Company s overall profitability. The Company s exposure to interest rate risk may be impacted by these transactions. To mitigate this risk, the Company may acquire fixed rate term debt or use financial derivative instruments. There were no covered call options outstanding as of June 30, 2008.

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ITEM 4
CONTROLS AND PROCEDURES

As of the end of the period covered by this report, the Company s Chief Executive Officer and Chief Financial Officer carried out an evaluation under their supervision, with the participation of other members of management as they deemed appropriate, of the effectiveness of the design and operation of the Company s disclosure controls and procedures as contemplated by Exchange Act Rule 13a-15. Based upon, and as of the date of that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company s disclosure controls and procedures are effective, in all material respects, in timely alerting them to material information relating to the Company (and its consolidated subsidiaries) required to be included in the periodic reports the Company is required to file and submit to the SEC under the Exchange Act.

There were no changes in the Company s internal control over financial reporting during the period covered by this report that have materially affected, or are reasonably likely to materially affect, the Company s internal control over financial reporting.

PART II Other Information

Item 1A: Risk factors

There were no material changes from the risk factors set forth under Part I, Item 1A Risk Factors in the Company s Form 10-K for the fiscal year ended December 31, 2007.

Item 2: Unregistered Sales of Equity Securities and Use of Proceeds

On April 30, 2007, the Company announced that its Board of Directors authorized the repurchase of up to an additional 1.0 million shares of its outstanding common stock over the next 12 months. All shares authorized to be repurchased pursuant to this authorization were repurchased as of November 2007. In January 2008, the Company s Board of Directors authorized the Company to repurchase up to 1.0 million shares of its outstanding common stock over the next 12 months. No shares were repurchased pursuant to this authorization. Following is a summary of the stock repurchases made during the second quarter of 2008.

ISSUER PURCHASES OF EQUITY SECURITIES

Period	(a) Total Number of Shares Purchased	(b) Average Price Paid per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs
April 1 April 30		$		1,000,000
May 1 May 31				1,000,000
June 1 June 30	180	32.74		1,000,000
Total	180	$ 32.74		1,000,000

All shares repurchased in the second quarter of 2008 were repurchased under the Company s Stock Incentive Plan to satisfy tax withholding obligations associated with restricted share awards.

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Item 4: Submission of Matters to a Vote of Security Holders

(a) The Annual Meeting of Shareholders was held on May 22, 2008.

(b) At the Annual Meeting of Shareholders, the following matters were submitted to a vote of the shareholders:

1. To elect thirteen Directors to hold office until the 2009 Annual Meeting of Shareholders:

Director Nominees	Votes For	Withheld Authority
Allan E. Bulley, Jr.	18,937,500	2,624,382
Peter D. Crist	18,777,478	2,784,404
Bruce K. Crowther	12,266,193	9,295,689
Joseph F. Damico	12,059,810	9,502,072
Bert A. Getz, Jr.	19,004,140	2,557,742
H. Patrick Hackett, Jr.	21,198,486	363,396
Scott K. Heitmann	21,282,827	279,055
Charles H. James III	21,224,036	337,846
Albin F. Moschner	18,728,014	2,833,868
Thomas J. Neis	18,953,180	2,608,702
Hollis W. Rademacher	18,723,436	2,838,446
Ingrid S. Stafford	18,956,163	2,605,719
Edward J. Wehmer	18,968,884	2,592,998

2. To consider a proposal to increase the number of shares of common stock available under the Wintrust Financial Corporation Directors Deferred Fee and Stock Plan by 200,000 shares:

Votes For	Votes Against	Abstentions	Broker Non-Votes
18,498,568	743,641	59,172	2,260,503

3. To consider ratification of the appointment of Ernst & Young LLP to serve as the independent registered public accounting firm for the year 2008:

Votes For	Votes Against	Abstentions	Broker Non-Votes
21,180,056	323,551	58,277	0

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Item 6: Exhibits.

(a) Exhibits

3.1 Amended and Restated Articles of Incorporation of Wintrust Financial Corporation, as amended (incorporated by reference to Exhibit 3.1 of the Company s Form 10-Q for the quarter ended June 30, 2006).

3.2 Amended and Restated By-laws of Wintrust Financial Corporation, as amended (incorporated by reference to Exhibit 3.1 of the Company s Current Report on Form 8-K filed with the Securities and Exchange Commission on April 9, 2007).

4.1 Certain instruments defining the rights of holders of long-term debt of the Company and certain of its subsidiaries, none of which authorize a total amount of indebtedness in excess of 10% of the total assets of the Company and its subsidiaries on a consolidated basis, have not been filed as Exhibits. The Company hereby agrees to furnish a copy of any of these agreements to the Commission upon request.

10.1 Wintrust Financial Corporation Cash Incentive and Retention Plan (incorporated by reference to Exhibit 10.1 of the Company s Current Report on Form 8-K filed with the Securities and Exchange Commission on April 15, 2008).

10.2 Sixth Amendment dated as of June 24, 2008, to Credit Agreement dated as of November 1, 2005, among Wintrust Financial Corporation and LaSalle Bank National Association, in its individual capacity.

10.3 Form of Cash Incentive and Retention Award Agreement under Wintrust Financial Corportation s 2008 Long-Term Cash and Incentive Retention Plan with Minimum Payout.

10.4 Form of Cash Incentive and Retention Award Agreement under Wintrust Financial Corportation s 2008 Long-Term Cash and Incentive Retention Plan with no Minimum Payout.

31.1 Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31.2 Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32.1 Certification of President and Chief Executive Officer and Executive Vice President and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

WINTRUST FINANCIAL CORPORATION
(Registrant)

Date: August 11, 2008

/s/ DAVID L. STOEHR
David L. Stoehr
Executive Vice President and
Chief Financial Officer
(Principal Financial and Accounting Officer)